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TEXTS FORWARDED BY THE SUBSIDIARY BODIES TO THE CONFERENCE OF THE PARTIES AT THE FIRST PART OF ITS SIXTH SESSION

1. This information document contains the negotiating texts forwarded by the subsidiary bodies to the Conference of the Parties at the first part of its sixth session under agenda item 3.*

2. The revised negotiating texts prepared by the President of the Conference are contained in the report of the Conference (FCCC/CP/2000/5/Add.3 (Volumes I – V)).

* FCCC/SBSTA/2000/CRP.11 and FCCC/SB/2000/CRP.15/Rev.2 are contained in part three of the report of the Conference (FCCC/CP/2000/5/Add.3 (Volume IV)).

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I. REPORT OF THE GLOBAL ENVIRONMENT FACILITY TO THE CONFERENCE

(Agenda item 4 (c))

Draft decision -/CP.6[1]

Additional guidance to an operating entity of the financial mechanism

The Conference of the Parties,

Recalling its decisions 11/CP.1, 10/CP.2, 11/CP.2, 12/CP.2, 2/CP.4, 8/CP.5 and 10/CP.5,

Noting the extension of funding through the Global Environment Facility's (GEF) expedited procedures for countries to address capacity-building needs identified in decision 2/CP.4 enabling Parties to maintain and enhance relevant national capacities and for the preparation of second national communications,

Noting also the launching of the GEF's Country Dialogue Workshops (CDW), which have been designed to strengthen national coordination and capacity-building and to promote awareness-raising, and the results of the first phase of the GEF Capacity Development Initiative, a strategic partnership between the GEF Secretariat and the United Nations Development Programme, which was forwarded to Parties in accordance with decision 10/CP.5,

1. *Decides* that, in accordance with Articles 4.3, 4.5 and 11.1 of the Convention, the GEF, as an operating entity of the financial mechanism, should provide financial resources to developing country Parties, in particular the least developed and the small island developing States amongst them, to:

(a) [Strengthen the implementation of country-driven Stage II adaptation activities that build upon work done at the national level and in the context of national communications [and] [or] from in-depth national studies in particularly vulnerable countries and regions identified in Stage I activities, and especially in countries vulnerable to climate-related natural disasters];

or

(a) [Strengthen, in particularly vulnerable countries and regions identified in Stage I activities and especially countries vulnerable to climate-related natural disasters, the implementation of country-driven Stage II adaptation activities, further to decision 2/CP.4, paragraph 1 (a), that builds upon work done at the national level, either in the context of national communications or from in-depth national studies.]

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[1] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/SBI/2000/CRP.16/Rev.1.

(b) [Develop demonstration projects ("learning-by-doing") aimed at identifying and subsequently implementing viable options for future adaptation activities];

(c) Support the continuation of the "country-team" approach, which enhances the collection, management, archiving, analysis, interpretation and dissemination of data on climate change issues and increases national commitment to the implementation of the objective of the Convention;

(d) Enhance the capacity of their subregional and/or regional information networks to enable such networks to serve as repositories of climate change related information on vulnerability and adaptation assessments and geographic information systems;

(e) Improve climate change related data collection (e.g. local emission and regional factors) and information-gathering, as well as the analysis, interpretation and dissemination of these data to national policy makers and other end-users;

(f) Strengthen and where necessary establish:

(i) National, subregional or regional databases on climate change;

(ii) Subregional and/or regional climate change related institutions and "centres of excellence", to enable these institutions and centres to provide a supportive framework, including for information retrieval and technical support;

(g) Develop and implement, as appropriate, prioritized projects identified in their national communications;

(h) Undertake more in-depth public awareness and education activities and community involvement and participation in climate change issues;

(i) [Capacity-building for disaster preparedness and disaster management, including contingency planning for droughts and floods in areas [prone to extreme weather events] [in areas most vulnerable to the adverse effects of climate change]];

(j) [Strengthen existing and, where needed, establish early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change];[2]

(k) Support the continuation of GEF related programmes which assist Parties that are at various stages of preparing and/or completing their initial national communications;

2. Invites the GEF to:

(a) Continue its efforts to minimize the time between the approval of project concepts, the development and approval of the related projects, and the disbursement of funds by its Implementing/Executing Agencies to the recipient countries of those projects;

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[2] Text agreed by the subsidiary bodies' negotiating group on 4.8/4.9; but the chapeau to that text has not been agreed to by that group.

(b) Further streamline its project cycle with a view to making project preparations simpler, more transparent and country-driven. In this regard, the project cycles in its Implementing/Executing Agencies should be coordinated with the GEF project cycle;

(c) Urge its Implementing/Executing Agencies to be more responsive to requests for GEF assistance from developing country Parties for climate change related project activities aimed at implementing the guidance of the Conference of the Parties;

(d) Further encourage the use of national/regional experts and/or consultants to enhance project development and implementation; in this regard, it should make its list of national/regional experts and/or consultants publicly available;

(e) Give consideration to measures to increase opportunities available to developing country Parties for accessing GEF funds for climate change activities aimed at implementing the guidance of the Conference of the Parties, including a review of the adequacy of the number of Implementing/Executing Agencies available to deliver GEF programmes and projects;

3. *Urges* the GEF to adopt a streamlined and expedited approach in financing activities within the framework for capacity-building in developing countries (non-Annex I Parties) contained in decision xx/CP.6;

4. *Requests* the GEF to include in its report to the Conference of the Parties at its seventh session the specific steps it has taken to implement the provisions of this decision and to include information on its implementation of the framework for capacity-building in developing countries (non-Annex I Parties) contained in decision xx/CP.6;

5. [*Requests* the GEF to continue to provide financing where appropriate and, consistent with both the guidance of the Conference of the Parties and the mandate of the GEF, to implement [support the implementation of] the capacity-building framework annexed to decision xx/CP.6 and to further support, enhance and implement the GEF's capacity-building activities in accordance with this framework.]

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II. CAPACITY-BUILDING IN DEVELOPING COUNTRIES (NON-ANNEX I PARTIES)

(Agenda item 4 (d)(i))

Draft decision -/CP.6[3]

Capacity-building in developing countries (non-Annex I Parties)

The Conference of the Parties,

Being guided by Article 4.1, 4.3, 4.4, 4.5 and 4.7, in the context of Article 3, and Articles 5 and 6 of the Convention,

Recalling the provisions related to capacity-building for developing countries contained in its decisions 11/CP.1, 10/CP.2, 11/CP.2, 9/CP.3, 2/CP.4, 4/CP.4, 5/CP.4, 6/CP.4, 7/CP.4, 12/CP.4 and 14/CP.4,

Noting Article 10 (c), (d) and (e), and Article 11 of the Kyoto Protocol,

Recalling also the paragraphs on capacity-building of Agenda 21 and the Programme for the Further Implementation of Agenda 21,

Reaffirming its decision 10/CP. 5,

Reaffirming also that capacity-building for developing countries is essential to enable them to participate fully in, and to implement effectively their commitments under the Convention,

1. *Adopts* the framework for capacity-building in developing countries annexed to this decision;

2. *Decides* that this framework should guide capacity-building activities related to the implementation of the Convention and effective participation in the Kyoto Protocol process;

3. *Decides* to give immediate effect to this framework in order to assist developing countries to implement the Convention and to effectively participate in the Kyoto Protocol process;

4. *Notes* that areas for capacity-building identified under the Convention are relevant to the preparation of developing country Parties for their effective participation in the Kyoto Protocol process;

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[3] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/SB/2000/CRP.16

5. [*Requests* the Global Environment Facility, as an operating entity of the financial mechanism, to provide financing to implement the annexed framework and to further support, enhance and implement its capacity-building activities in accordance with this framework.]

6. [*Also requests* the Global Environment Facility, as an operating entity of the financial mechanism, to report on its progress in support of the implementation of this framework in its reports to the Conference of the Parties;]

7. [*Urges* the operating entity of the financial mechanism to adopt a streamlined and expedited approach in financing activities within this framework;]

8. *Invites* bilateral and multilateral agencies, and other intergovernmental organizations and institutions, to inform the Conference of the Parties, through the secretariat, of capacity-building activities conducted to assist developing country Parties with their implementation of the framework;

9. *Encourages* bilateral and multilateral agencies, and other intergovernmental organizations and institutions to consult with developing countries in formulating programmes and action plans to support capacity-building activities in accordance with the annexed framework;

10. *Requests* the secretariat, in accordance with this framework for capacity-building, and consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with the operating entity of the financial mechanism, its implementing agencies and other entities for capacity-building to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate, in both printed and electronic formats, the information needed by the Conference of the Parties or its subsidiary bodies to review the progress in the implementation of this framework for capacity-building, drawing in particular on information contained in:

(i) National communications of developing country Parties relating to capacity-building activities;

(ii) National communications of Parties included in Annex II on activities and programmes undertaken to facilitate capacity-building in developing countries related to the implementation of this framework;

(iii) Reports from the Global Environment Facility and other agencies;

(c) To provide reports to the Conference of the Parties at each of its sessions on activities to implement this framework;

11. *Decides* that the Subsidiary Body for Implementation will regularly monitor the progress of the implementation of this framework, taking into account the information provided under paragraph 10 (b) and (c) above and reporting to the Conference of the Parties at each of its sessions;

12. *Decides* to conduct a comprehensive review of the implementation of this framework at its ninth session of the Conference of the Parties and every five years thereafter;

13. *Invites* Parties to provide information through national communications and other reports to enable the Subsidiary Body for Implementation to monitor progress in the implementation of this framework;

14. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt a decision containing a framework on capacity-building that reaffirms this framework with additional reference to priority areas for capacity-building relating to the implementation of the Kyoto Protocol.

15. [*Decides* to establish a special fund to support and promote effective implementation of this framework by the least developed countries.]

Annex

Framework for capacity-building in developing countries

A. Purposes

1. This framework for capacity-building in developing countries sets out the scope and provides the basis for action on capacity-building related to the implementation of the Convention and preparation for the effective participation of developing countries in the Kyoto Protocol process that will in a coordinated manner assist them in promoting sustainable development while meeting the objective of the Convention. It should serve as a guide for the Global Environment Facility as an operating entity of the financial mechanism and be considered by multilateral and bilateral organizations in their capacity-building activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

B. Guiding principles and approaches

2. This framework for capacity-building in developing countries is guided and informed by, *inter alia*, Article 4.1, 4.3, 4.4, 4.5 and 4.7, in the context of Article 3, and Articles 5, 6 and 11.1 of the Convention, and relevant provisions contained in decisions 11/CP.1, 10/CP.2, 11/CP.2, 9/CP.3, 2/CP.4, 4/CP.4, 5/CP.4, 6/CP.4, 7/CP.4, 12/CP.4, 14/CP.4, and 10/CP.5,[4] and takes into account Articles 10 (c), 10 (d), 10 (e), and 11 of the Kyoto Protocol.

3. Capacity-building activities related to the implementation of the Convention by developing countries and to the preparation for their effective participation in the Kyoto Protocol process should build on work already undertaken by developing countries, as well as on the work undertaken with support from multilateral and bilateral organizations.

4. The capacity-building needs already identified in the various decisions of the Conference of the Parties should continue to be comprehensively and promptly addressed to promote sustainable development in developing countries through the effective implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

5. There is no "one size fits all" formula for capacity-building. Capacity-building must be country-driven, addressing the specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by and in developing countries in accordance with the provisions of the Convention.

6. Capacity-building is a continuous, progressive and iterative process, the implementation of which should be based on the priorities of developing countries.

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[4] For the full texts of decisions adopted by the Conference of the Parties at its first, second, third, fourth and fifth sessions, see documents FCCC/CP/1995/7/Add.1, FCCC/CP/1996/15/Add.1, FCCC/CP/1997/7/Add.1, FCCC/CP/1998/16/Add.1 and FCCC/CP/1999/6/Add.1, respectively.

7. Capacity-building activities should be undertaken in an effective, efficient, integrated and programmatic manner, taking into consideration the specific national circumstances of developing countries.

8. Capacity-building activities undertaken within this framework should maximize synergies between the Convention and other global environmental agreements, as appropriate.

9. Capacity-building is crucial to developing countries, especially those that are particularly vulnerable to the adverse effects of climate change. The special circumstances of least developed countries and small island developing States need to be taken into account in the implementation of this framework. They include:

(a) Fragile ecosystems;

(b) High population pressure and isolated geographical locations;

(c) Weak economies, low incomes, high levels of poverty and a lack of foreign investment;

(d) Land degradation, desertification;

(e) Undeveloped services, *inter alia*, meteorological and hydrological services and water resources management;

(f) Lack of early warning systems for natural disaster management;

(g) Inadequate food security.

10. Capacity-building involves "learning by doing". Demonstration projects may be used in identifying and learning about the specific capacities that need to be further developed in developing countries.

11. Existing national institutions have an important role to play in supporting capacity-building activities in developing countries. Such centres can incorporate traditional skills, knowledge and practices, to provide appropriate services in developing countries and facilitate information sharing. Whenever possible and effective, therefore, capacity-building should mobilize these existing national, subregional and regional institutions and the private sector in developing countries and build on existing processes and endogenous capacities.

12. National coordinating mechanisms and focal points and national coordinating entities have an important role to play in ensuring coordination at the country and regional levels and may serve as the focal point for coordinating capacity-building activities.

13. Multilateral and bilateral bodies are encouraged to take account of this framework in their consultations with developing countries when supporting capacity-building activities related to the implementation of the Convention and the preparation for effective participation by developing countries in the Kyoto Protocol process.

C. Objective and scope of capacity-building

Objective

14. Capacity-building should assist developing countries to build, develop, strengthen, enhance, and improve their capabilities to achieve the objective of the Convention through the implementation of the provisions of the Convention and the preparation for their effective participation in the Kyoto Protocol process.

Scope

15. The following is the initial scope of needs and areas for capacity-building in developing countries as broadly identified in the annex to decision 10/CP.5, in the compilation and synthesis document prepared by the secretariat[5] and in submissions by Parties[6]:

(a) Institutional capacity-building, including the strengthening or establishment, as appropriate, of national climate change secretariats or national focal points;

(b) Enhancement and/or creation of an enabling environment;

(c) National communications;

(d) National climate change programmes;

(e) Greenhouse gas inventories, emission database management, and systems for collecting, managing and utilizing activity data and emission factors;

(f) Vulnerability and adaptation assessment;

(g) [[Strengthening capacity relating to the] [implementation of] adaptation [response] measures];

(h) Assessment [and implementation] of mitigation options;

(i) Research and systematic observation, including meteorological, hydrological and climatological services;

(j) Development and transfer of technology;

(k) Improved decision-making, including assistance for participation in international negotiations;

(l) Clean development mechanism;

(m) Needs arising out of the implementation of Article 4.8 and 4.9 of the Convention;

(n) Education, training and public awareness;

(o) Information and networking, including the establishment of databases.

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[5] FCCC/SB/2000/INF.1.
[6] FCCC/SB/2000/INF.5.

16. Other capacity-building needs and possible responses are being identified by the Parties in their discussions of other issues. The decisions resulting from these discussions, as well as other activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process, should continue to inform the scope and implementation of this framework.

Specific scope for capacity-building in least developed countries

17. The least developed countries, and small island developing States amongst them, are among the most vulnerable to extreme weather events and the adverse effects of climate change. They also have the least capacity to cope with and adapt to the adverse effects of climate change. The following is the initial assessment of needs and priority areas for capacity-building in these countries:

(a) Strengthening existing and, where needed, establishing national climate change secretariats or focal points to enable the effective implementation of the Convention and effective participation in the Kyoto Protocol process, including preparation of national communications;

(b) Developing an integrated implementation programme which takes into account the role of research and training in capacity-building;

(c) Developing and enhancing technical capacities and skills to carry out and effectively integrate vulnerability and adaptation assessments into sustainable development programmes [and develop national adaptation programmes of action;]

(d) Strengthening existing and, where needed, establishing national research and training institutions in order to ensure the sustainability of the capacity-building programmes;

(e) Strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information [to support implementation of national adaptation programmes of action;]

(f) Enhancing public awareness (level of understanding and human capacity development).

D. Implementation

Actions to enhance the implementation of this framework, taking into account the initial scope outlined in paragraphs 15 to 17

18. All Parties should improve the coordination and effectiveness of capacity-building efforts through dialogue between and among Annex II Parties, developing country Parties, and bilateral and multilateral institutions. All Parties should promote conditions conducive to the sustainability and effectiveness of capacity-building activities.

19. In implementing this framework, developing country Parties should:

(a) Continue to identify their specific needs, options and priorities for capacity-building on a country-driven basis, taking into account existing capacities and past and current activities;

(b) Promote South-South cooperation by utilizing the services of institutions in developing countries that can support capacity-building activities at the national, subregional and regional levels, wherever possible and effective;

(c) Promote the participation of a wide range of stakeholders, including governments at all levels, national and international organizations, civil society and the private sector, as appropriate;

(d) Promote the coordination and sustainability of activities undertaken within this framework, including the efforts of national coordinating mechanisms, focal points, and national coordinating entities;

(e) Facilitate the dissemination and sharing of information on capacity-building activities conducted by developing countries for better coordination and South-South cooperation.

20. In implementing this framework, Annex II Parties should:

(a) [Provide [additional] financial and technical resources to assist developing countries, in particular the least developed countries and small island developing States amongst them, in the implementation of this framework, [as appropriate], including promptly available financial and technical resources to enable them to undertake country-level needs assessments and to develop specific capacity-building activities consistent with this framework.]

(b) Respond to the capacity-building needs and priorities of developing countries, in particular the least developed countries and small island developing States amongst them, in a coordinated and timely manner, and support activities implemented at the national and, as appropriate, subregional and regional levels;

(c) Give particular attention to the needs of least developed countries and small island developing States amongst them.

Financing and operation

21. [Financial and technical resources should be made available, through an operating entity of the financial mechanism [and, as appropriate,] multilateral and bilateral agencies and the private sector, [as appropriate] [as needed by] [to assist] developing countries, in particular the least developed countries and small island developing States amongst them, in the implementation of this framework].

22. In response to this framework, the operating entity of the financial mechanism should elaborate a country-driven strategy for its capacity-building activities.

23. [All Parties], [financial institutions], multilateral and bilateral agencies are encouraged to take constructive action to support capacity-building activities in this framework through streamlined and coordinated approaches and in a timely manner.

24. Financial and other assistance is to be made available to developing countries, in particular to the least developed countries and small island developing States amongst them, to enable them to continue to determine, assess and prioritize their needs for capacity-building in a simple, timely manner and to assist them in strengthening existing institutions and, when needed, to establish the institutional arrangements to implement effective capacity-building activities.

25. The capacity-building activities undertaken within this framework are to be country-driven and implemented primarily at the country level.

26. In order to facilitate the exchange of information and cooperation, developing countries, in collaboration with relevant institutions, should identify regional, subregional and sectoral activities that can effectively and efficiently address common capacity-building needs.

27. The results of activities conducted by the Global Environment Facility as a multilateral financial institution, including the Capacity Development Initiative, as well as activities undertaken by multilateral, bilateral and private sector entities, may be considered in further developing capacity-building activities within this framework at the regional and subregional levels.

Time-frame

28. This framework for capacity-building should be implemented promptly, taking into account the immediate, medium- and long-term priority needs identified by developing countries.

29. Developing countries which have already identified their capacity-building priorities through ongoing work aimed at the implementation of the Convention, should be able to promptly implement capacity-building activities under this framework.

30. The immediate priority needs of developing countries, in particular the least developed countries and small island developing States amongst them, should be addressed urgently in the implementation of this framework.

Review of progress

31. The Conference of the Parties, through the Subsidiary Body for Implementation, shall regularly monitor and review the progress in the implementation of this framework.

32. The Global Environment Facility, as an operating entity of the financial mechanism, is requested to report on its progress in support of the implementation of this framework in its reports to the Conference of the Parties.

Role of the secretariat

33. In accordance with this framework for capacity-building, the secretariat is requested, consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with the operating entity of the financial mechanism, its implementing agencies and other entities for capacity-building to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the Conference of the Parties or its subsidiary bodies to review the progress in the implementation of this framework for capacity-building.

III. CAPACITY-BUILDING IN COUNTRIES WITH ECONOMIES IN TRANSITION
(Agenda item 4 (d)(ii))

Draft decision -/CP.6[7]

Capacity-building in countries with economies in transition

The Conference of the Parties,

Recalling its decision 11/CP.5,

Recalling Articles 4.1, 4.2, 4.5 and 4.6, 5, 6 and 12 of the Convention,

Noting Articles 2, 3, 5, 6, 7, 10 and 17 of the Kyoto Protocol,

Further recalling its decisions 9/CP.2, 6/CP.4 and 7/CP.4,

Having considered the relevant recommendations of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation,[8]

1. *Adopts* the framework for capacity-building activities in countries with economies in transition contained in the annex below;

2. *Decides* to give immediate effect to this framework, in order to assist Parties with economies in transition to implement the Convention;

3. *Notes* that many areas for capacity-building identified under the Convention are also relevant to the preparation of Parties with economies in transition for participation in the Kyoto Protocol when it enters into force;

4. *Decides* to review the effectiveness of the implementation of the framework at regular intervals;

5. *Invites* Annex II Parties and Parties with economies in transition to provide information to enable the Conference of the Parties and the subsidiary bodies to monitor progress in the implementation of this framework, consistent with guidelines for the preparation of national communications;

6. *[Urges* Annex II Parties, through multilateral agencies, including through the Global Environment Facility within its mandate, and bilateral agencies and the private sector, as appropriate, to make available financial and technical support for the implementation of this framework for capacity-building, including assistance for the development of national action plans of Parties with economies in transition consistent with their priorities;]

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[7] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/SB/2000/CRP.17/Rev.1.

[8] FCCC/SBSTA/2000/10, FCCC/SBI/2000/10.

7. *Further urges* multilateral and bilateral agencies to coordinate in support of the implementation of this framework for capacity-building;

8. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, adopt a decision endorsing a framework for capacity-building under the Convention that parallels the framework contained in the annex below, with additional reference to priority areas for capacity-building relating to implementation of the Kyoto Protocol;

9. *Requests* the secretariat, consistent with Article 8 of the Convention:

(a) To cooperate with multilateral and bilateral institutions to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the Conference of the Parties and the subsidiary bodies to monitor progress in the implementation of this framework.

Annex

Framework for capacity-building in countries with economies in transition

A. Purpose

1. The purpose of this framework for capacity-building is to set out the scope and basis for action for capacity-building activities in countries with economies in transition (EIT Parties) under the Convention and for the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

B. Guiding principles and approaches

2. This framework for capacity-building in EIT Parties is guided and informed by, inter alia, Articles 4.1, 4.2, 4.5 and 4.6, 5, 6 and 12 of the Convention and relevant provisions contained in decisions 9/CP.2, 6/CP.4, 7/CP.4 and 11/CP.5[9] and takes account of Articles 2, 3, 5, 6, 7 and 17 of the Kyoto Protocol.

3. As Parties included in Annex I, EIT Parties have quantified emission limitation and reduction commitments that impose challenges to their existing capacities to implement the Convention. As Parties undergoing the process of transition to a market economy, they need to enhance their ability to address climate change issues. Capacity-building is therefore critical to the effective implementation by EIT Parties of their commitments under the Convention and the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

4. Capacity-building for EIT Parties must be country-driven, consistent with their national sustainable development strategies, reflect their national initiatives and priorities, respond to needs determined and prioritized by EIT Parties themselves and be primarily undertaken by and in EIT Parties in partnership with other Parties and relevant organizations, as appropriate, in accordance with the provisions of the Convention.

5. Capacity-building should contribute to the effective implementation of the Convention by EIT Parties and the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

6. Capacity-building efforts are more effective when they take place within an enabling environment conducive to the development of human, institutional and technical capacity.

7. Capacity-building should be results-oriented and implemented in an integrated and programmatic manner to facilitate its monitoring and evaluation, cost-effectiveness and efficiency.

8. Capacity-building is a continuous process aimed at strengthening or establishing, as appropriate, relevant institutions, organizational structures, and human resources in order to strengthen expertise relevant to paragraph 3 of this framework.

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[9] For the full texts of decisions adopted by the Conference of the Parties at its second, fourth and fifth sessions, see documents FCCC/CP/1996/15/Add.1, FCCC/CP/1998/16/Add.1 and FCCC/CP/1999/6/Add.1 respectively.

9. Capacities should be developed and strengthened in a manner and under conditions will work towards sustainability and support the short- and long-term objectives and priorit EIT Parties under the Convention.

10. Capacity-building involves "learning by doing". Capacity-building activities should designed and implemented in a flexible manner.

11. Capacity-building should improve the coordination and effectiveness of existing eff and promote the participation of and dialogue between a wide range of actors and constitue including governments at all levels, international organizations, civil society and the private sector.

12. Wherever possible, capacity-building should utilize existing institutions and bodies build on existing processes and endogenous capacities.

13. National focal points and other institutions such as research centres and universities other relevant organizations should play an important role in providing capacity-building se and facilitating the flow of knowledge, best practices and information.

14. Capacity-building should be designed so that it results in the development, strengthe and enhancement of institutional capacities, human resources, knowledge and information, methodologies and practices, and the participation and networking of EIT Parties to promot sustainable development and for the purpose set out in paragraph 1 of this framework.

15. Capacity-building in support of achieving the objectives of the Convention should maximize synergies between the Convention and other global environmental agreements, a appropriate.

16. Capacity-building is more effective when it is coordinated at all levels (national, reg and international) through dialogue between and among Annex I Parties, and when past and existing efforts are taken into account.

C. Objective and scope of capacity-building

Objective

17. To build the capacity of EIT Parties to enable them to effectively implement the obj of the Convention and to prepare for their participation in the Kyoto Protocol when it enter force.

Scope

18. To ensure that capacity-building efforts are country-driven, each EIT Party should, the scope for capacity-building, determine its specific objectives, needs, priorities, and opti implement the Convention and to prepare for its participation in the Kyoto Protocol when i enters into force, consistent with its national sustainable development strategy, taking into account existing capacities and past and current activities undertaken by the country itself a partnership with bilateral and multilateral institutions and the private sector.

19. The needs for capacity-building in EIT Parties were first identified in the compilation and synthesis document prepared by the secretariat (FCCC/SB/2000/INF.2) based on the submissions of EIT Parties (FCCC/SB/2000/INF.7). The general areas and needs for capacity-building are listed below. This scope for capacity-building may be revised as further information is made available and as needs and priorities are further identified.

20. General priority areas for capacity-building identified by EIT Parties related to the implementation of the Convention, which may also be relevant to their preparation for participation in the Kyoto Protocol, are to be identified in their national action plan for capacity-building, and include:

(a) National greenhouse gas (GHG) inventories;

(b) Projections of GHG emissions;

(c) Policies and measures, and the estimation of their effects;

(d) Impact assessment and adaptation;

(e) Research and systematic observation;

(f) Education, training and public awareness;

(g) Transfer of environmentally sound technologies;

(h) National communications and national climate action plans;

(i) National systems for estimation of GHG emissions;

(j) Modalities for accounting relating to targets, timetables and national registries;

(k) Reporting obligations;

(l) Joint implementation projects and emissions trading.

21. In order to maximize available resources for capacity-building and to facilitate exchange and cooperation among EIT Parties, multilateral and bilateral agencies in consultation with EIT Parties should assist, as appropriate, the efforts of EIT Parties themselves to identify, develop and implement national, regional, subregional and sectoral activities that meet the capacity-building needs of EIT Parties. The results of the current and next phase of the Capacity Development Initiative of the Global Environment Facility (GEF) could provide valuable inputs for these activities.

D. Implementation

Responsibilities for implementation

22. In implementing the activities undertaken within this framework for capacity-building, EIT and Annex II Parties have the following mutual responsibilities:

(a) To improve the coordination and effectiveness of existing efforts;

(b) To provide information to enable the Conference of the Parties (COP) to monitor progress in the implementation of this framework for capacity-building.

23. In the implementation of this framework for capacity-building, EIT Parties have the following responsibilities:

(a) To provide an enabling environment to promote the sustainability and effectiveness of capacity-building activities relating to the implementation of the ultimate objective of the Convention;

(b) To identify their specific needs, priorities and options for capacity-building on a country-driven basis, taking into account existing capacities and past and current activities;

(c) To identify and provide information on their own capacity-building activities;

(d) To promote cooperation among EIT Parties as well as to report to the COP on these activities in their national communications;

(e) To ensure the mobilization and sustainability of national capacities, including the institutional leadership necessary for national coordination and the effectiveness of capacity-building activities;

(f) To promote the participation in and access to capacity-building activities of all stakeholders, including governments, civil society and the private sector, as appropriate.

24. In cooperating with EIT Parties to support the implementation of this framework for capacity-building, Annex II Parties have the following responsibilities:

(a) To assist EIT Parties, including by making available financial and other resources, to undertake country-level needs assessments to effectively implement the Convention and, as appropriate, to prepare them for participation in the Kyoto Protocol when it enters into force;

(b) To assist EIT Parties, including through the provision of financial and other resources, to implement options for capacity-building consistent with their specific priorities and this framework.

Financing

25. [The Annex II Parties, through multilateral agencies, including through the Global Environment Facility within its mandate, and bilateral agencies and the private sector as appropriate, are requested to make available financial and technical support to assist EIT Parties in the implementation of this framework for capacity-building.]

Time-frame

26. The implementation of activities undertaken within this framework for capacity-building should commence as soon as possible.

Monitoring of progress

27. The COP, through the subsidiary bodies, shall monitor the effectiveness of the implementation of this framework for capacity-building.

28. Information to enable the COP to monitor the effectiveness of the implementation of this framework should be reported by Parties. Other institutions involved in capacity-building in EIT Parties are invited to provide information for this purpose.

Role of the secretariat

29. In accordance with this framework for capacity-building, the secretariat is requested, consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with multilateral and bilateral institutions to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the COP or its subsidiary bodies to monitor the progress in the implementation of this framework for capacity-building.

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IV. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES: STATUS OF THE CONSULTATIVE PROCESS (DECISION 4/CP/4)

(Agenda item 4(e))

Draft decision _/CP.6[10]

Development and transfer of technologies

[*The Conference of the Parties,*

Recalling Chapter 34 of Agenda 21 and the relevant provisions of the Programme for the Further Implementation of Agenda 21 on the transfer of envrionmentally-sound technologies (ESTs) adopted by the United Nations General Assembly at its nineteenth special session in 1997,

Pursuant to the relevant provisions of the Convention, in particular, its Article 4.1, 4.3, 4.5, 4.7, 4.8 and 4.9, and Articles 9.2 (c), 11.1, 11.5, 12.3 and 12.4,

Recalling its decisions 11/CP.1, 13/CP.1, 7/CP.2, 9/CP.3, 4/CP.4, 9/CP.5 and the relevant provisions of its decision 1/CP.4 on the Buenos Aires Plan of Action, which in its paragraph 2 resolves to demonstrate substantial progress on, *inter alia*, the development and transfer of technologies,

Emphasizing that governments play a catalytic role in the development and transfer of ESTs and the creation of enabling environment essential to enhancing the implementation of Article 4.5 of the Convention.

[*Recognizing* that the public and private sector also plays an important role in the development and transfer of environmentally-sound technologies in most countries, and that the creation or expansion of commercial markets through the enhancement of their underlying enabling conditions is essential to enhancing the implementation of Article 4.5 of the Convention,]

[*Recognizing* that the public and private sector play, in some countries, an important role in the development, transfer and finance of technologies, and that the creation of enabling environments at all levels provides a platform to support the development, use and transfer of environmentally-sound technologies and know-how,]

[*Recognizing* [*Emphasizing*] also that inspite of the [major] [important] role of the private sector, the implementation of Article 4.5 of the Convention should focus on the role of governments and public sector in the transfer of environmentally-sound technologies in addition to what is already happening in the market as business as usual,]

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[10] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/SBSTA/2000/CRP.15.

[*Recognizing* that a variety of vehicles, both bilateral and multilateral, will continue to be used to implement Article 4.5 of the Convention,]

Recognizing that developed country Parties may also provide and developing country Parties avail themselves of, financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels.

Noting the Intergovernmental Panel on Climate Change *Special Report on Methodological and Technological Issues in Technology Transfer*.

[*Recognizing* the important contribution of the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, regarding technology transfer under Article 4.5, as expressed in Article 11 of the Convention in the Memorandum of Understanding between the COP and the Council of the Global Environment Facility and in decision 2/CP.4, including its potential for leveraging funding for the transfer and development of technology to Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties.]

[*Having considered* the recommended framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention presented by the Chairman of the Subsidiary Body for Scientific and Technological Advice as part of the outcome of the transfer of technology consultative process,]

Option 1

[1. *Adopts* the framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention contained in the annex to this decision;]

Option 2

[1. [*Decides* to implement] [*Requests* SBSTA to initiate implementation of] this framework immediately in order to assist Parties in enhancing the implementation of Article 4.5 of the Convention [and urges Parties to report the progress of the implementaiton of this framework by COP 7];]

Option 3

[1. Notes that the consensus achieved on the first three areas of activities of this framework, namely, technology needs and needs assessments, technology information and enabling environments;]

[2. *Agrees* that the promotion of the implementation of the commitment of developed country Parties and other developed Parties included in Annex II for the transfer of, or access to, environmentally-sound technologies and know-how, as stated in Article 4.5, together with the provision of new and additional financial resources as stated in Article 4.3, are essential conditions for the effective implementation of developing country Parties of their commitments

under the Convention, taking fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties;]

[3. *Agrees also* that issues relating to the implementation of Article 4.5 on transfer of and access to technology is a continuing process, and that, *inter alia*, the assessment of technologies, terms of access, and technological needs of Parties will continue to be undertaken in the Convention, to ensure that real progress is achieved promptly.]

Option 1

[4. *Decides*, for this purpose, to establish an intergovernmental technical advisory panel, nominated by governments and based on equitable geographical representation, to provide scientific and technical advice on the implementation of the commitment in Article 4.5, including assessments of technologies and technology needs under the Convention.

5. *Decides* to apply the terms of reference of the intergovernmental technical advisory panel on technology transfer contained in appendix I to the annex to this decision, with a view to reviewing the progress of its work and the terms of reference at its eighth session;]

Option 2

[4. *Requests* that the Chairman of SBSTA, with the assistance of the secretariat, identify an ad-hoc group of scientific and technical experts on technology transfer issues (to be known as a Technology Transfer Expert Group) to undertake a work programme aimed at contributing meaningful and effective actions and deliverables to enhance the implementation of Article 4.5 of the Convention through:

(a) considering options for the technology information clearing house and enhancement of information centers and networks through an experts meeting [as elaborated in paragraph 9 (c) of the framework in annex to this decision];

(b) providing input to the development of a handbook, through participation in a process convened by the Chair of SBSTA, that would assist Parties other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties, to identify their prioritized technology needs and to assist them in developing implementation plans for addressing their needs in accordance with country-specific circumstances;

(c) participating in an experts workshop to advise on the development of the handbook referred to in 4 (b) above, using the framework identified in annex to this decision;

(d) reporting to SBSTA 14 on progress with the development of the handbook;

(e) facilitating the sharing of experiences and success stories related to technology transfer through an experts workshop prior to SBSTA 17.

5. Decides that the Technology Transfer Experts Group should be lead by the Chair of SBSTA and comprise approximately ( ) members of Parties and organizations, with the goal of establishing broad geographic representation. Nominations will be requested by the secretariat no later than ( ). This group will meet at a minimum of each session of SBSTA beginning with its 14th session.

6. This group will conclude its work and report on the above work programme at SBSTA 17.]

Option 3

[4. *Requests* the Chairman of SBSTA to undertake/establish a process, or other appropriate forms of dialogue, at expert level including workshops;

5. *Decides* to undertake/establish the above process, or other appropriate forms of dialogue, based on the Framework in the annex to this decision;

6. *Requests* the Convention secretariat:

(a) to organize, prior to the fourteenth session of the SBSTA, a meeting with national representatives and experts to provide technical advise and guidance on the guidelines and methodologies for technology needs assessments,

(b) to organize an expert workshop on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks, and to further define the user's needs, criteria for quality control, technical specifications and the role and contributions of the Parties,

(c) to facilitate the process on technology transfer by organising meetings and compiling reports on the above mentioned meetings for consideration by the SBSTA.]

New para. under institutional arrangements

[7. *Decides* that SBSTA should establish and/or strengthen national, subregional and regional technology transfer centres, as appropriate, to facilitate the effective implementation of Article 4.5 of the Convention in developing countries by COP 7.]

Option 1

[8. *Decides* to establish a separate funding mechanism for technology transfer through which technical and financial assistance from Annex II Parties shall be made available to achieve meaningful and effective actions to enhance implementation of Article 4.5 of the Convention, in accordance with the modalities contained in the appendix II of the annex to this decision;]

[9. *Decides further* that the funding mechanism will provide the necessary resources, including for the following purposes:

(a) enhance capacity-building for developing countries, including through demonstration projects, as shown in the annexed initial framework;

(b) promote joint research and development programmes between Annex I and non-Annex I Parties, and also non-Annex I Parties among themselves;

(c) develop and implement concrete programmes to conduct technology needs identification and needs assessment, taking into account the different levels of readiness among developing countries;

(d) develop specialised information centres relating to the state-of-the-art, environmentally-sound and economically-feasible technologies and know-how that are accessible and available to developing countries, their accessibility and conditions for accessibility; and

(e) leverage other funding sources to initiate concrete transfer of technology projects for energy-efficient technologies, new and renewable energies, enhancing sinks and preparing for adaptation to adverse impacts of climate change.]

Option 2

[8. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to ensure that its programmes for facilitating the transfer of, and access to, environmentally-sound technologies follow closely the guidance contained in the framework in the annex to this decision and the relevant decisions of the Conference of the Parties;]

[9. Developed country Parties *are urged* to provide financial resources through existing bilateral, multilateral, and other channels, including the GEF, as appropriate, to assist in enhancing the implementation of Article 4.5, consistent with the framework in the annex, possibly to include support for activities, such as:

(a) Consideration of options for the development and establishment of a technology information clearing house and associated activities, including an expert workshop

(b) Development of an internet-based search engine for collecting relevant technology information to enhance availability to developing and other country Parties

(c) Development of a handbook for preparing technology needs assessments and associated implementation plans including an expert workshop.]

[10. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention to provide financing, as appropriate, to contribute to enhancing implementation of Article 4.5, including, *inter alia*, to continue and enhance programmes for facilitating transfer of and access to ESTs consistent with the implementation of Article 4.5 of the Convention and relevant COP decisions.]

Option 3

[8. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention to:

(a) Continue and enhance programmes for facilitating transfers of, and access to, the environmentally-sound technologies consistent with the implementation of Article 4.5 of the Convention;

(b) Ensure that their programmes for facilitating the transfer of, and access to, environmentally-sound technologies follow closely the guidance contained in the relevant COP decisions, in particular decision 2/CP.4;

(c) Support capacity building for, *inter alia*, technology needs assessments.]

[11. *Invites* Parties to [remove legal and administrative barriers to technology transfer and] explore ways to strengthen and build upon efforts to enhance the capacity of governments and other relevant institutions to attract, adopt, maintain, and disseminate and transfer environmentally-sound technologies, taking into account other relevant decisions taken by the Conference of the Parties at its sixth session;]

[12. *Encourages* Annex II Parties, international organizations and other relevant actors to explore practicable means of providing technical and financial assistance, as appropriate, in support of developing countries' efforts to undertake the above activities, including bilateral and multilateral development assistance channels, official development assistance, and the private sector;]

[13. *Urges* international development organizations and multilateral development banks to integrate the transfer of technology related to climate change into country assistance strategies, consultative groups and other multilateral donor coordination processes, and to promote the creation of an enabling environment for technology transfer;]

[14. *Requests* the secretariat, in accordance with this framework, to undertake the following tasks:]

(a) [To organize, prior to the fourteenth session of the SBSTA, a meeting with national representatives and experts in developing simplified and common guidelines to assist Parties, in particular the least developed country Parties, in undertaking technology needs assessments, and to organize any other workshops and/or meetings identified in the framework, resources permitting;]

(b) [To accelerate its work, resources permitting, on technology information, in particular on the development of [technology inventory databases] [a new search engine on the Internet] [and web page], options for the establishment of an information clearing house and the enhancement of information centres and networks;]

[15. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to review, at their subsequent sessions, the progress of the activities undertaken under this framework, and to make recommendations thereon to the Conference of the Parties at its eighth session.]

[16. Urges developed country Parties to [further promote and implement facilitative measures, for example, export credit programmes and tax preferences, and regulations, as appropriate, to promote, transfer of ESTs] [develop common environmental guidelines for export credit, investment finance, investment insurance and investment guarantee programmes designed to promote international trade and investment.]]

Annex

Framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention

A. Purpose

1. The purpose of this framework is to develop meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention by increasing and improving the transfer of and access to environmentally sound technologies (ESTs) and know-how.

B. Overall approach

2. The successful development and transfer of ESTs and know-how requires a country-driven, integrated approach, at a national and sectoral level. This should involve cooperation among various stakeholders (the private sector, governments, the donor community, bilateral and multilateral institutions, non-government organizations and academic and research institutions), including activities on technology needs assessments, technology information, enabling environments, capacity-building and mechanisms for technology transfer.

C. Key themes and areas for meaningful and effective actions

1. Technology needs and needs assessments

Definition

3. Technology needs and needs assessments are a set of country driven activities that identify and determine the mitigation and adaptation technology priorities of Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties. They involve different stakeholders in a consultative process to identify the barriers to technology transfer and measures to address these barriers through sectoral analyses. These activities may address soft and hard technologies, such as mitigation and adaptation technologies, identifying regulatory options, developing of fiscal and financial incentives and capacity-building.

Purpose

4. The purpose of technology needs assessments is to assist in identifying and analysing priority technology needs, which can be the basis for a portfolio of EST projects and programmes which can facilitate the transfer of, and access to, the ESTs and know-how in the implementation of Article 4.5 of the Convention.

Implementation

5. Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties are encouraged to undertake assessments of country-specific technology needs, subject to the provision of resources, as appropriate to country-specific circumstances, from developed country Parties and other developed Parties included in Annex II. Other organizations, in a position to do so may also assist in facilitating the technology needs assessment process. Parties are encouraged to make available information on the results of their needs assessments in their national communications, other related national reports and channels (e.g. technology information clearing house) for consideration by SBSTA on a regular basis.

6. Developed country Parties and other developed Parties included in Annex II to the Convention are urged to facilitate and support the needs assessments process, recognizing the special circumstances of least developed countries.

2. Technology information

Definition

7. The technology information component of the framework defines the means, including hardware, software and networking, to facilitate the flow of information between the different stakeholders to enhance the development and transfer of ESTs. This technology information component of the framework could provide information on technical parameters, economic and environmental aspects of ESTs, the identified technology needs of Parties not included in the Annex II, particularly developing country Parties, as well as availability of ESTs from developed countries and opportunities for technology transfer.

Purpose

8. The technology information component serves to establish an efficient information system in support of technology transfer and improve the generation and flow of, access to, and quality of technical, economic, environmental and regulatory information relating to the development and transfer of ESTs under the Convention.

Implementation

9. The Convention secretariat is requested:

(a) To build on the success of the current work, including that undertaken by the secretariat, in cooperation with the Climate Technology Initiative, inter alia, to develop [a new search engine on the internet that [allows] for quick access to existing] inventories of environmentally-sound and economically viable technologies and know-how, including those conducive to mitigating and adapting to climate change;

(b) To identify, in collaboration with regional centres and other institutions, gaps in existing EST inventories, and update and develop inventories, as needed;

(c) To organize an expert workshop on technology information, including options fo the establishment of an information clearing house and enhancement of information centres and networks, and to further define the user's needs, criteria for quality control, technical specifications and the role and contribution of the Parties;

(d) To accelerate its work on the development of a technology transfer information clearing house by coordinating with Parties and relevant United Nations agencies and other international organizations and institutions and develop options for implementation, in particula networking, of an international technology information clearing house under the Convention an enhancement of technology information centres and networks. A report on the options and recommendations should be provided to SBSTA at its fourteenth session.

10. An information clearing house, including a network of technology information centers, should be established under the auspices of the secretariat, by the time of COP 7, taking into consideration the conclusion of SBSTA at its fourteenth session on the above mentioned report.

3. Enabling environments

Definition

11. The enabling environments component of the framework focuses on the government actions, such as fair trade policies, removal of technical, legal and administrative barriers to technology transfer, sound economic policy, regulatory frameworks, and transparency that creat an environment conducive to private and public sector technology transfer.

Purpose

12. The purpose of the enabling environments component of the framework is to improve th effectiveness of the transfer of ESTs by identifying and analysing ways to facilitate transfer of ESTs, including identification and removal of barriers at each stage of the process.

Implementation

13. The following are means of creating enabling environments for technology transfer:

(a) All Parties, particularly developed country Parties, are urged to improve, as appropriate, the enabling environment, for transfer of ESTs through identification and removal barriers, including, *inter alia*, strengthening environmental regulatory frameworks, enhancing legal systems, ensuring fair trade policies, utilizing tax preferences, protecting intellectual property rights, improving the access to publicly funded technologies, and other programs to expand commercial and public technology transfer to developing countries;

(b) All Parties are urged to explore, as appropriate, opportunities to provide positive incentives, such as preferential government procurement, transparent and efficient approval procedures for technology transfer projects, [and improvement of possible benchmarks, standards, and labelling,] which support the development and diffusion of ESTs;

(c) All Parties are urged to promote joint research and development programmes, as appropriate, both bilaterally and multilaterally;

(d) Developed country Parties are encouraged to further promote and implement facilitative measures, for example export credit programs and tax preferences, and regulations, as appropriate, to promote transfer of ESTs;

(e) All Parties, particularly developed country Parties, are encouraged to integrate, as appropriate, the objective of technology transfer to developing countries into their national policies, including environmental and R&D policies and programs;

(f) Developed countries are encouraged to promote, as appropriate, the transfer of publicly owned technologies.

[4. Capacity-building

Definition

14. Within the context of enhancing the implementation of Article 4.5 of the Convention, capacity-building is a process that seeks to build, develop, strengthen, enhance and improve existing scientific and technical skills, capabilities and institutions in Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties, to assess, adapt, manage and develop ESTs.

15. Capacity-building must be country-driven, addressing specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by and in developing countries in accordance with the provisions of the Convention.

Purpose

16. The purpose of capacity-building under this framework is to strengthen the capacities of Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties to promote the widespread dissemination, application and development of environmentally sound technologies and know-how to enable them to implement the provisions of the Convention. Capacity-building under this framework should be guided by principles established in decision …/CP.6 on capacity-building.

Scope

17. The following is the initial scope of needs and areas for capacity-building of Parties other than developed country Parties and other developed Parties included in Annex II, particularly developing country Parties, for the transfer of, and access to, ESTs and know-how:

(a) Implement regional, subregional and or national capacity-building activities related to the transfer and development of technologies;

(b) Enhance the awareness of financial institutions, public, private and international, of the need to evaluate ESTs on an equal footing with other technology options;

(c) Provide training opportunities for the use of ESTs through demonstration projects;[11]

(d) [Identify and formulate [prospective] CDM [and JI] projects, where appropriate, to help [promote] facilitate the wider geographic distribution of such projects;][12]

(e) Enhance skills for the adoption, adaptation, installation, operation and maintenance of specific ESTs and broaden understanding of methodologies for evaluating alternative technological options;

(f) Strengthen capacities of existing national and regional institutions relevant to technology transfer, taking into account country- and sector-specific circumstances, including South-South cooperation and collaboration;

(g) Provide training on project development, management and operation of climate technologies;

(h) Develop and implement standards and regulations that promote the use, transfer of, and access to ESTs, taking cognizance of country-specific policies, programmes and circumstances;

(i) Develop skills and know-how in conducting technology needs assessments;

(j) Improve knowledge of energy efficiency and utilization of renewable energy technologies .

18. The following is the initial scope of needs and areas for capacity-building for the development and enhancement of endogenous capacities and technologies in developing countries. These shall be country-driven processes supported by developed country Parties.

(a) [Establish and/or strengthen, as appropriate,] relevant organizations and institutions in developing countries;

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[11] Cross-reference to enabling activities.
[12] Check with capacity-building decision.

(b) [Establish and/or strengthen] training, expert exchange, scholarship and cooperative research programmes in relevant national and regional institutions in developing countries for the transfer, operation, maintenance, adaptation, diffusion and development of ESTs;

(c) [Build capacity to adapt to the adverse effects of climate change;][13]

(d) [Strengthen the endogenous capacities and capabilities in research, development, technological innovation, adoption and adaptation and technology for systematic observation relevant to climate change and its associated adverse effects;]

(e) Improve knowledge in energy efficiency and utilization of renewable energy technologies.

Implementation

19. Developed country Parties [should][shall][,as appropriate]:

(a) Make available resources to assist developing countries in the implementation of the capacity-building to enhance the implementation of Article 4.5 taking into account the lists contained in paragraphs 17 and 18 above. These resources should include [additional] financial and technical resources to enable developing countries to undertake country-level needs assessments, and to develop specific capacity-building activities consistent with enhancing implementation of Article 4.5;

(b) Respond to the capacity-building needs and priorities of developing countries in a coordinated and timely manner, and support activities implemented at the national and, as appropriate, subregional and regional levels;

(c) Give particular attention to the needs of least developed countries and small island developing States [amongst them].

20. All Parties should improve the coordination and effectiveness of capacity-building activities related to the development and transfer of technologies. All Parties should promote conditions conducive to the sustainability and effectiveness of these capacity-building activities.]

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[13] **Check with capacity-building and 4.8 4.9 decisions.**

[5. Mechanisms for technology transfer

Definition

21. The mechanisms for technology transfer, as identified in this section, are to facilitate support of financial, institutional and methodological activities: (i) to enhance the coordination of the full range of stakeholders in different countries and regions and (ii) to engage them in cooperative efforts to accelerate the development and diffusion, including transfer, of environmentally sound technologies, know-how and practices to and between Parties other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties through technology cooperation and partnerships (public/public, private/public and private/private) and (iii) to facilitate development of projects and programmes that support such ends.

Purpose

22. The purpose of the proposed mechanisms is to develop meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention by increasing the transfer of and access to, ESTs and know-how.

Implementation

A. [Institutional arrangement for technology transfer

23. Purpose [Functions]: To provide scientific and technical advice on the advancement of the development and transfer of environmentally sound technologies and know-how under the Convention including the preparation of an action plan to enhance the implementation of Article 4.5 of the Convention.

Option 1

24. [To assess and evaluate the progress of technology transfer under the Convention and suggest options to improve existing programmes and activities.]

25. [To provide support, including scientific and technical advice on the advancement of the development [implementation] and transfer of environmentally sound technologies and know-how under the Convention, for the other components of this framework.]

Option 2

24. [The purpose of this section is to put in place an institutional arrangement that seeks to provide scientific and technical advice on the implementation, development, enhancement and transfer of ESTs and know-how under the Convention including the preparation of an action plan to enhance the implementation of Article 4.5 of the Convention.]

25. [The Chairman of the Subsidiary Body for Scientific and Technological Advice (SBSTA), with the assistance of the secretariat, is requested to undertake a process, including convening an experts workshop, for developing a handbook for conducting country-driven, integrated approaches to assist developing countries in identifying their prioritized needs and developing implementation plans, as appropriate to their country-specific circumstances. A draft handbook should be provided for consideration at the fourteenth session of the SBSTA.

26. The chairman of the SBSTA, with the assistance of the secretariat, will identify an "ad hoc expert group" to participate in, and provide guidance and advice to:

(a) The expert workshop to provide input to a handbook to assist developing countries in identifying their prioritized needs and developing implementation plans (as specified in paragraph 1)

(b) The expert meeting on technology information, to consider options for the international clearinghouse (as specified in paragraph 9 (c)).

(c) An expert workshop, organized by the secretariat, on information sharing and success stories in technology transfer prior to the seventeenth session of the SBSTA.

27. This "ad hoc expert group" should comprise approximately 18 members, and it should conclude its work and report the results of the above activities to the SBSTA at its seventeenth session.]

28. Functions: The terms of reference of the proposed [panel/group] appear in appendix I.

(a) [The [intergovernmental panel] [advisory group] of experts on technology transfer shall have the objectives of enhancing the implementation of Article 4.5 of the Convention and the advancement of the technology transfer activities under the Convention process.]

(b) [The [panel/group of experts] shall meet twice a year prior to each session of the subsidiary bodies.]

(c) [The panel/group of experts shall report on the progress of its work and on the recommendations they want to make to the subsidiary bodies for their consideration.]

(d) [The secretariat shall co-ordinate the meetings of the panel/group and facilitate the preparation of its report to the subsidiary bodies, which will be made available to the Parties.]

Design characteristics:

Option 1: An intergovernmental panel of experts on technology transfer
Option 2: An advisory group of experts on technology transfer

Composition: The members of the panel or the advisory group will:

Option 1: Be nominated by the governments based on equitable geographical representation. The panel/group will be composed of five experts from the non-Annex I Parties in each of the following regions, Africa, Asia and the Pacific, and Latin America and the Caribbean, and seven experts from the Annex I Parties. In addition, up to five experts from relevant international organizations will be invited by the Chairman of the SBSTA to participate in the group. The chairmen of the subsidiary bodies shall be notified of these nominations and appointments.

Option 2: Be drawn from the roster of experts with expertise in any of the following areas: greenhouse gas mitigation and adaptation technologies, technology assessments, information technology, resource economics and social development. The number of the panel/group members will be similar to the one proposed in the above Option 1.

29. Reporting: The panel/group of experts, with the assistance of the secretariat, is requested to report on the progress of its work to the subsequent sessions of the Subsidiary Body for Scientific and Technological Advice and thereon to the Conference of the Parties at each of its sessions.

30. Review: The Conference of the Parties will review the terms of the reference of the panel/group of experts at its eight session.]

[B. Financial arrangement for technology transfer

31. Purpose: The funding mechanism shall provide the necessary resources, including for the following purposes:

i) enhance capacity-building for developing countries, including through demonstration projects, as shown in the annexed initial framework;
ii) promote joint research and development programmes between Annex I and non-Annex I Parties, and also non-Annex I Parties among themselves;
iii) develop and implement concrete programmes to conduct technology needs identification and needs assessment, taking into account the different levels of readiness among developing countries;
iv) develop specialised information centres relating to the state-of-the-art, environmentally-sound and economically-feasible technologies and know-how that are accessible and available to developing countries, their accessibility and conditions for accessibility; and
v) leverage other funding sources to initiate concrete transfer of technology projects for energy-efficient technologies, new and renewable energies, enhancing sinks and preparing for adaptation to adverse impacts of climate change.

32. Functions: The functions and modalities of the proposed funding mechanism appear in the appendix II.

Approach:

Option 1: Establish a new funding mechanism

Option 2: Use the Global Environmental Facility and the existing bilateral and multilateral cooperation including CDM and JI.

Implementation:

Option 1: The Executive Body of the established funding mechanism shall provide financial report to the Conference of the Parties for review at its each session.

Option 2: The Global Environment Facility is requested to:

(i) continue and enhance programmes for facilitating transfer of, and access to, the environmentally sound technologies consistent with the implementation of Article 4.5 of the Convention;

(ii) ensure that their programmes for facilitating the transfer of, and access to, environmentally sound technologies follow closely the guidance and the timetables contained in the relevant COP decisions, in particular decision 2 CP.4;

(iii) initiate regional programmes or projects to provide financial support to the developing country Parties in each region to undertake inter alia the activities on technology needs assessments and capacity building for technology transfer as identified in the framework for meaningful and effective actions;

(iv) report on the progress of its implementation in their report to the COP;]

[Other:

(i) The financial resources for the implementation of the agreed framework will be provided from the Annex II Parties by drawing upon the existing bilateral and multilateral cooperative programmes or projects. In this approach, the Parties are encouraged to explore the opportunity to use the official development assistance as one possible catalyst to encourage the flow of climate change technology transfer to developing country Parties in support of each country's sustainable development priorities;

(ii) The international development organizations and multilateral development banks are urged to integrate the transfer of technology related to climate change into the country assistance strategy, consultative group and other

multilateral donor coordination processes and the creation of an enablin environment for technology transfer;

(iii) It was recognized that the resources of Parties and international organizations should be used, wherever possible, to leverage other fund sources, including Clean Development Mechanism and Joint Implementation, to enhance transfer of environmentally sound technologies for, inter alia, energy-efficient technologies, new and renewable energies, enhancing sinks, and preparing for adpatation to adverse impacts of climate change;

(iv) Other initiative action is to establish a revolving environmentally soun technologies investment fund to finance EST transfer projects and programmes, with payback to the fund from the proceeds of the project through profit sharing;

(v) In view of the importance of coordination of existing sources of fundin offered by the Global Environment Facility, and multilateral and bilate development programmes, there is a need to improve the availability o information on existing activities, based on information provided by th national communications of the Parties;

(vi) The Global Environment Facility's (GEF) Capacity Development Initiative is an important process that could assist technology transfer related to capacity-building in developing countries.

(vii) Developed country Parties are encouraged to establish and fund a demonstration project on transfer of ESTs and to report on its prelimin results at COP7.

33. Review: The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation are requested to review the progress and effectiveness o the above-agreed financial arrangement at their subsequent sessions, with a view to report on outcome and to make recommendation to the Conference of the Parties at is eight session.

34. Request to the secretariat: The Convention secretariat is requested to undertake a feasibility study on the establishment of an environmentally sound technology bank that coul serve as a vehicle to share and exchange publicly funded technologies and know-how which could be offered on a voluntary basis, and to make the information available to the Parties at t fifteenth session of the SBSTA.]

[Appendix I

Preliminary ideas for the terms of reference of [the Intergovernmental Panel of Experts on Technology Transfer] [the Advisory Group of Experts on Technology Transfer]

1. [The [intergovernmental panel] [advisory group] of experts on technology transfer shall have the objectives of enhancing the implementation of Article 4.5 of the Convention and advancing the technology transfer activities under the Convention process.]

2. [The [panel] [group] of experts shall meet twice a year prior to each session of the subsidiary bodies.]

3. [The [panel] [group] of experts shall have the mandate to:]

(a) Exchange information and views on both technical and administrative aspects of the enhancement of the implementation of Article 4.5 of the Convention and on the development and transfer of environmentally sound technologies and know-how under the Convention;

(b) Option 1: Provide technical advice [and review the progress of the work] on the development of the inventory of [new search engine…] [environmentally sound technologies] [and] [the development of options, including the possibility] [on the design] of the [pilot phase,] of the international clearing house and international information centre and network by the secretariat, in collaboration with interested Parties, relevant United Nations agencies, international organizations and institutions on;

(b) Option 2: [Provide technical advice and identify, with [national,] regional centres and other institutions, gaps in existing EST inventories; provide advice to the SBSTA on updating and/or developing inventories [as needed]; and participate and provide advice in an expert workshop [as necessary,] on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks.]

(c) Option 1: Provide technical advice and guidance [to Parties, through the SBSTA], as appropriate, [to the secretariat] [in order to develop [methodologies in the preparation of] country-driven [integrated approaches] and/or common and simplified guidelines, [as appropriate] on the preparation of technology needs and needs assessments;]

[(c) Option 2: Provide technical advice and guidance to the Parties, through the SBSTA, on the guidelines and methodologies on technology needs and needs assessments.]

[(c) Option 3: Provide technical advice and guidance to the SBSTA in order to develop methodologies in the preparation for country-driven integrated approaches and/or common and simplified guidelines in order to assist developing countries in identifying their prioritised needs and developing national or regional implementation plans.]

[(c) Option 4: Provide technical advice and guidance to the SBSTA in order to develop methodologies for country-driven [integrated approaches] and/or common and simplified guidelines in order to assist developing countries in identifying their prioritized need and developing national or regional implementation plans.]

[(c) Option 5: The Chairman of SBSTA, with the assistance of the secretariat, is requested to undertake a process by convening an experts meeting to develop [methodologies for] country-driven [integrated approaches] and/or common and simplified guidelines in order t assist developing countries in identifying their prioritized needs and developing national or regional implementation plans.]

[(d) Option 1: Consider, as appropriate, the progress made by the Annex II Parties with regard to their technology transfer activities under Article 4.5 of the Convention, by reviewing the information contained in the special report or in the national communication of th Annex II Parties, with a view to provide recommendations to the Subsidiary Body for Scientific and Technological Advice and Subsidiary Body for Implementation and thereon to the Conference of the Parties for their further consideration;]

[(d) Option 2: Consider, as appropriate, the progress made by the Annex II Parties with regard to their technology transfer activities under Article 4.5 of the Convention, by reviewing the information contained in the communication of Annex II Parties with regard to measures taken in order to implement Article 4.5 of the Convention and review their progress made in this implementation with the view to providing recommendations to the SBSTA and S for their further consideration;]

[(d) Option 3: Use existing Annex I communications guidelines for reporting on technology transfer;]

(e) [Consider [design], as appropriate, a detailed work plan and resource requiremer including the identification of barriers [to the promotion of, and access to, climate-related environmentally sound technologies] and ways to address them for the implementation of the framework for meaningful and effective actions;]

(f) [Encourage cooperation among Parties in the development of research and development of ESTs;]

[(g) Consider, based inter alia on the information obtained in 3(b) above, conditions access to and availability of [climate-related] ESTs, barriers to and steps taken for the promotio facilitation and financing, as appropriate, of these ESTs, and ways to address them.]

4. [The [panel] [group] of experts shall report on the progress of its work and on the recommendations it wishes to make to the subsidiary bodies for their consideration.]

5. [The secretariat shall coordinate the meetings of the [panel] [group] and facilitate the preparation of its report to the subsidiary bodies, which will be made available to the Parties.]]

[Appendix II

Functions and modalities of the proposed funding mechanism

1. There hereby is established the Developing Countries' Technology Transfer Fund (hereinafter called "the Fund").

2. The annual funding level of the Fund shall be at the rate of ___billion U.S. dollars beginning with the year 2001 and continuing at that level each year thereafter during the period ending 31 December 2005 unless the funding level is changed by decision of the Conference of the Parties.

3. Each year on the 15th day of April, during the period beginning in 2001 and ending in 2025, each developed country Party and other developed Parties included in Annex II to the Convention (hereinafter called "Annex II Party") shall contribute to the Fund its share of the annual funding level of the Fund in accordance with the formula set forth in annex I to this decision.

4. Failure of an Annex II Party to make its annual contribution to the Fund, as provided for in paragraph 3 shall automatically be the subject of a proceeding by the enforcement branch in accordance with decision __.

Executive body

5. The Fund shall be administered by the Developing Countries' Technology Transfer Fund executive body (hereinafter called the "executive body").

6. The executive body shall consist of __members, reflecting equal representation of each of the five United Nations regional groups, who have been elected by the Conference of the Parties upon the nomination of the regional groups to serve for a term of two years.

7. The first election of members of the executive body shall be held at the sixth session of the Conference of the Parties.

8. The executive body shall invest and reinvest the monies held by the Fund, pending distributions from the Fund and its income to developing country Parties, in accordance with guidelines for investments to be adopted by the Conference of the Parties no later that at its seventh session and, until such guidelines are adopted, in accordance with the highest standards of care to be exercised by bodies or persons entrusted with managing funds of comparable size for the benefit of others.

9. The executive body shall make distributions from the Fund and its income to developing country Parties on an equitable basis, by way of grants, loans and loan guarantees, in accordance with guidelines adopted from time to time by the Conference of the Parties for the acquisition of technologies, including know-how, by developing country Parties to facilitate the implementation of their commitments under the Convention.]

V. ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE
(Agenda item 4 (g))

Decision [-/CP.6][14]

Activities implemented jointly under the pilot phase

[The Conference of the Parties,

Recalling its decision 5/CP.1 and decision 13/CP.5,

Taking note of the fourth synthesis report on activities implemented jointly under the pilot phase (FCCC/SB/2000/6) and the draft revised uniform reporting format (FCCC/SB/2000/6/Add.1),

Having considered the conclusion of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation at the first part of their thirteenth sessions contained in document (FCCC/SBSTA/2000/10),

Acknowledging that participating in activities implemented jointly under the pilot phase provides an important opportunity for learning by doing,

Further acknowledging the importance of offering opportunities to participate in activities implemented jointly under the pilot phase to those Parties that have not yet experienced such activities,

Noting that the geographical distribution of activities implemented jointly under the pilot phase remains unbalanced despite recent improvements,

1. *Decides* to [continue] the pilot phase for activities implemented jointly;

2. *Requests* the secretariat to organize before the fourteenth session of the subsidiary bodies a workshop on the [draft] revised uniform reporting format providing an opportunity to Parties to exchange views on and understand further the methodological issues related to the format;

3. *Encourages* Parties involved in activities implemented jointly under the pilot phase to submit further information using the uniform reporting format, the deadline for the submission of such information to be considered in the fourth annual synthesis report being 15 June 2001;

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[14] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/SB/2000/CRP.23.

4. *Urges* Parties reporting on activities implemented jointly under the pilot phase to submit joint reports through the designated national authority of one Party, which should provide proof that the designated national authorities of all the other Parties involved concur with the reports.]

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The Hague, 13-25 November 2000

TEXTS FORWARDED BY THE SUBSIDIARY BODIES TO THE CONFERENCE OF THE PARTIES AT THE FIRST PART OF ITS SIXTH SESSION

1. This information document contains the negotiating texts forwarded by the subsidiary bodies to the Conference of the Parties at the first part of its sixth session under agenda item 3.*

2. The revised negotiating texts prepared by the President of the Conference are contained in the report of the Conference (FCCC/CP/2000/5/Add.3 (Volumes I – V)).

* FCCC/SBSTA/2000/CRP.11 and FCCC/SB/2000/CRP.15/Rev.2 are contained in part three of the report of the Conference (FCCC/CP/2000/5/Add.3 (Volume IV)).

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(Agenda item 7)

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I. IMPLEMENTATION OF ARTICLE 4, PARAGRAPHS 8 AND 9, OF THE CONVENTION (DECISION 3/CP.3 AND ARTICLE 2, PARAGRAPH.3, AND ARTICLE 3, PARAGRAPH 14, OF THE KYOTO PROTOCOL

(Agenda item 4 (f))

MATTERS RELATING TO ARTICLE 3, PARAGRAPH 14, OF THE KYOTO PROTOCOL

(Agenda item 7 (f))

[Draft decision(s)[1]

[Draft decision -/CP.6]

Implementation of Article 4.8 and 4.9 of the Convention (decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)

Matters relating to Article 3.14 of the Kyoto Protocol

Preambular paragraphs relating to Article 4.8 and 4.9 of the Convention:

The Conference of the Parties,

Determined to protect the climate system for present and future generations,

Reaffirming the commitment of the Parties to [achieve the ultimate objective of the Convention, as defined in Article 2 of the Convention] [implement Articles 2 and 3 of the Convention],

[*Recalling* its decision 11/CP.1, paragraph 1 [(a) and] (d) on policies, programme priorities and eligibility criteria regarding adaptation, particularly the matter of funding stages I, II and III [of implementation].]

Recalling also its decision 1/CP.4, paragraph 1 (c), on the implementation of Article 4.8 and 4.9 of the Convention (covering also Articles 2.3 and 3.14 of the Kyoto Protocol),

Recalling further its decisions 3/CP.3, 5/CP.4 [, 8/CP.4] and 12/CP.5,

Recognizing the specific needs and concerns of developing country Parties referred to in Article 4.8 of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4.9,

Recognizing further that low-lying and other small island countries, countries with

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[1] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/SB/2000/CRP.18.

low-lying coastal, arid and semi-arid areas or areas liable to floods, drought, and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

Reaffirming that Parties should [strive to] protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

Reaffirming that the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration,

Affirming that responses to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty,

Acknowledging the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular the least developed countries, with regard to adaptation,

[*Acknowledging* the need to sensitize policy makers and the general public in non-Annex I countries to climate change and its effects, in accordance with Article 6 (a) of the Convention,]

Having considered the report, [2] in two parts, on the two workshops referred to in decision 12/CP.5,

Noting the [many persistent] uncertainties highlighted by those workshops, particularly in regard to the impact of response measures,

Insisting that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

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[2] FCCC/SB/2000/2.

Acknowledging that the [adverse] impacts of response measures will differ significantly from country to country, depending on each country's unique national circumstances, including the structure of its economy, trade and investment [flows], natural resource endowment, social system, legal regime, and population growth rate,

Recognizing that the least developed country Parties are among the most vulnerable to the adverse effects of climate change, and in particular that widespread poverty limits their adaptive capacity,

Acknowledging that the human, infrastructural and economic conditions of the least developed countries severely limit their capacities to participate effectively in the climate change process,

Noting that many of the least developed country Parties do not have the capacity to prepare and submit national communications in the foreseeable future,

Preambular paragraphs relating to Article 3.14 of the Kyoto Protocol:

Determined to protect the climate system for present and future generations,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling its decision 8/CP.4, particularly as it refers to decision 5/CP.4,

[*Recognizing* that its decision -/CP.6 establishes [an appropriate process] [appropriate mechanisms for implementing actions] for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,]

[*Insisting* that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,]

[*Reaffirming* that Parties should [strive to] protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,]

Recognizing that developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,

[*Noting* in particular the [request] [invitation] contained in its decision -/CP.6 to the Intergovernmental Panel on Climate Change to prepare a special report on all aspects, including

methodological aspects, related to impacts of response measures on developing countries, particularly the least developed countries,]

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

[*Recognizing* the [key] role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,]

[*Reaffirming* the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,]

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change,

Acknowledging the [need for] [role that can be played by] the progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors that run counter to the objective of the Convention and application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

I

ADVERSE EFFECTS OF CLIMATE CHANGE

Section A

1. Asserts the importance of a country-driven approach that allows developing country Parties to pursue the specific activities most appropriate to their unique national circumstances;

2. *Insists* that action related to adaptation follow an assessment and evaluation process, based on national communications [and] [and/or] other relevant information, so as to prevent maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development [, taking into account the specific concerns of the least developed countries];

3. *Encourages* Parties not included in Annex I to the Convention (non-Annex I Parties) to provide information, including in their national communications, [and] [and/or] any other relevant information sources, on their specific needs and concerns arising from the adverse effects of climate change;

4. *Stresses* the need for Parties included in Annex II to the Convention (Annex II Parties) to provide detailed information, including in their national communications, on support

programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;

5. *Encourages* Parties to exchange information on their experience regarding the adverse effects of climate change and on measures to meet their needs arising from these adverse effects;

6. *Underlines* the importance of the ongoing work of the secretariat in compiling and disseminating information on methods and tools to evaluate impacts and adaptation strategies;

Section B

7. [*Encourages* Annex II Parties, bilaterally and/or in cooperation with international and/or multilateral organizations such as the Global Environment Facility, as appropriate, to continue to cooperate and to provide further financial and technological support for specific activities listed below, in accordance with the national circumstances and sustainable development priorities of non-Annex I Parties, where these have been identified as mutual priorities for sustainable development assistance through established dialogues:]

[*Decides* that Annex II Parties shall provide developing country Parties with new, additional, and sufficient financial resources and technical support on a timely, ongoing basis for the activities listed below; these resources may be provided through new and existing financial and funding mechanisms, including the Global Environment Facility:]

Alternative proposal for a chapeau, in two parts, by Canada and France on behalf of the European Community and its member States (the two chapeaux would appear in two separate paragraphs if agreed):

Part I: Applies to subparagraph (a) and subparagraph (b)(i) to (b)(iv)

[[Encourages] [Decides that] Annex II Parties, bilaterally and/or in cooperation with international and/or multilateral organizations as appropriate, [to] [shall] continue to cooperate and to provide [further] [new, additional and sufficient] financial and technological support through [new and] existing [relevant] mechanisms, including the Global Environment Facility, [on an ongoing basis for] [for the full period of projects relating to the] specific activities listed below, in accordance with the national circumstances and sustainable development priorities of non-Annex I Parties, [where these have been identified as mutual priorities for sustainable development assistance through established dialogues:]]

Part II: Applies to subparagraph (b)(v) to (b)(xi):

[[*Encourages*] [*Decides* that] Annex II Parties, bilaterally and/or in cooperation with international and/or multilateral organizations as appropriate, [to] [shall] continue to cooperate and to provide [further] [new and additional and sufficient] financial and technological support through [new and existing] [relevant] mechanisms, including where appropriate the Adaptation Fund established under decision ../CP.6, [on an ongoing basis for] [for the full period of projects relating to the] specific activities listed below, in accordance with the national circumstances and

sustainable development priorities of non-Annex I Parties, [where these have been identified as mutual priorities for sustainable development assistance through established dialogues:]]

(a) Information and methodologies:

(i) Improving data collection and information gathering, as well as the analysis, interpretation and dissemination to end-users;

(ii) Integrating climate change considerations into sustainable development planning;

(iii) Providing training in specialized fields relevant to adaptation such as climate and hydroclimate studies, geographical information systems, environmental impact assessment, modelling, integrated coastal zone management, soil and water conservation and soil restoration;

(iv) Strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks (sea level, climate and hydrological monitoring stations, fire hazards, land degradation, floods, cyclones and droughts);

(v) Strengthening existing and, where needed, establishing national and regional centres and institutions for the provision of research, training, education and scientific and technical [support][information][training] in specialized fields relevant to climate change, utilizing information technology as much as possible;

(vi) Strengthening existing and, where needed, establishing national and regional research programmes on climate variability and climate change, oriented towards improving the knowledge of the climate system on the regional scale, and creating national and regional scientific capability;

(vii) [Increasing financial and technical support for] [Supporting] education and training in, and public awareness of, climate change related issues, for example through workshops, and information dissemination;

(b) Vulnerability and adaptation:

(i) Supporting enabling activities for vulnerability and adaptation assessment;

(ii) Enhancing technical training for integrated climate change impact, vulnerability and adaptation assessments, across all relevant sectors, and environmental management related to climate change;

(iii) Enhancing capacity, including institutional capacity, to integrate adaptation into sustainable development programmes;

(iv) Promoting the transfer of adaptation technologies;

(v) [Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning, on the basis of information provided in the national communications from non-Annex I Parties, and other relevant sources, and of the staged approach endorsed by the Conference of the Parties in its decision 11/CP.1;]

(vi) [Implementing adaptation activities [immediately] where sufficient information is available to warrant such activities, *inter alia*, in the areas of water resources management, land management, agriculture, health, infrastructure development, [fragile] ecosystems, [including mountainous ecosystems,] and integrated coastal zone management;]

(vii) Improving monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems [, and in this context, improving disease control and prevention];

(viii) [Supporting] [Providing additional financial and technical support for] capacity-building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters related to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;

(ix) Strengthening existing and, where needed, establishing early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;

(x) [Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible;]

(xi) [Establishing a disaster fund for climate-induced disaster relief for vulnerable developing country Parties under Article 4.8 and 4.9 of the Convention;]

[Further improving readiness for climate-induced disaster relief for vulnerable countries as well as non-climate related disaster relief;]

8. *Requests the Subsidiary Body for Scientific and Technological Advice and the Subsidiary* Body for Implementation to review, at their subsequent sessions, the progress of the above-mentioned activities and make recommendations thereon to the Conference of the Parties at its [seventh] [eighth] session;

Section C

<Attached to this text is a submission on the specific needs and special situations of the least developed countries; however, the Group of 77 and China indicated that they would advise on how this text would best be integrated in the decision early in the week>

II

IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES

9. *Stresses* that Parties should take action consistent with the provisions of the Convention;

10. *[Decides* that, in order to minimize the impacts of response measures, Annex II Parties shall provide developing country Parties with new, additional and sufficient financial resources and technical support on a timely, [ongoing] [continuing] basis for the activities listed in paragraphs xx below; these resources shall be provided through new and existing financial and funding mechanisms;]

Section A

11. *Encourages* non-Annex I Parties to provide information in their national communications and/or other relevant reports, on their specific needs and concerns arising from the impact of the implementation of response measures;

12. *[Urges] [Requests] [Invites] [Decides* that] Annex II Parties [and other [Annex I] Parties that are in a position to do so] [to] [shall] [should] provide detailed information, in their national communications [and] [and/or] any other relevant reports, on their existing and planned support programmes to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

13. *[Reiterates,* as stated in decision 12/CP.5, sixth preambular paragraph, that the identification of initial actions needs "to be based on sufficient information and analysis within a clearly-defined process";]

14. *[Decides* that the above information should be provided and analysis conducted within the following clearly-defined process:

(a) First, methodologies for assessing, and case studies describing, the impact of response measures since the Convention entered into force must be developed in the following manner:

(i) Consistent with Article 4.8 of the Convention, these methodologies should provide for the separation of the impact of other unrelated policies and measures from that of policies and measures [undertaken] [applied] specifically to address climate change;

(ii) Where policies and measures are [undertaken] [applied] for multiple reasons, these methodologies should recommend means to determine what

proportion of the policies and measures were [undertaken] [applied] for climate change mitigation purposes;

(iii) These methodologies should also disaggregate the effect of climate change policies and measures from that of other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;

(iv) The counterfactual scenario underlying any assessment of the impact of response measures should include any actions which developing countries could have taken to minimize the impact of response measures, focusing particularly on the time period since the Convention entered into force. The counterfactual scenario should include, *inter alia*, any trade or investment liberalization, structural adjustment or balance of payments stabilization plans agreed to with international financial institutions;

(v) These methodologies should also provide the means to assess the uncertainty surrounding the impacts of specific climate change response measures on specific countries;

(b) Using these methodologies, developing country Parties which believe that they have been harmed by the impacts of response measures should demonstrate via a formal reporting process, as a prerequisite to any further discussion of the impact of response measures, the actions that they have taken under Article 4.8 to reduce their vulnerability to response measures. These communications should include:

(i) The circumstances and the legal, economic and social structures that determine the country's vulnerability to response measures;

(ii) The specific climate policies and measures that have impacted on them, the extent of the impact, and the uncertainty surrounding the quantification of that impact. This information should be disaggregated from the effect of other policies and measures and other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;

(iii) An assessment of all other actions, including the promotion of self-diversification of economies and creation of an enabling environment for investment, that they have taken to minimize the impacts of response measures on themselves;

(iv) A description of gross and net revenue flows, showing net profits, and an indication of how these revenues were spent or saved to promote diversification of economies or otherwise minimize the impact of response measures;

(c) When the methodologies for *post facto* assessment of the impact of response measures have been fully refined, the development of methodologies for assessing possible effects of alternative future response measures can begin. These methodologies should provide the means for assessing, *inter alia*:

(i) Impacts under a variety of assumptions regarding technology development and transfer;

(ii) Impacts under a variety of investment, trade and legal regimes;

(iii) Impacts under a variety of policy scenarios. These scenarios should incorporate different mixes of policies and measures that developing country Parties might take to minimize the impact of response measures on them. These scenarios should also incorporate different mixes of climate policies and measures that Annex I Parties might take;

(iv) The effect of policies and measures [undertaken] [applied] for climate change mitigation purposes disaggregated from those [undertaken] [applied] for other reasons;]

15. [*Invites* the Intergovernmental Panel on Climate Change to prepare a special report on all aspects related to the assessment of the impact of response measures on developing countries, particularly the least developed countries. In this report, the Intergovernmental Panel on Climate Change should address the following methodological issues that are relevant to the assessment of the impacts on developing countries of response measures taken by Annex I Parties:

(a) Ways and means to separate the impact of policies and measures specifically [undertaken] [applied] to address climate change from the impact of other policies and measures;

(b) Ways and means to determine how the impact on developing countries of policies and measures specifically [undertaken] [applied] to address climate change can be separated from the effects of other factors such as technological advances, macroeconomic variability and domestic economic priorities, as well as exogenous changes in markets;

(c) Ways and means to determine how other actions taken by the developing country Parties themselves could reduce any impacts of response measures, including a historical perspective on how such actions have been taken in the past;]

16. *Encourages* Annex I and non-Annex I Parties to cooperate in creating favourable conditions for investment in sectors where such investment can contribute to economic diversification;

17. [*Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to review, at their [xx] [subsequent] sessions, the [information related to the impacts of response measures in the Third Assessment Report of the Intergovernmental Panel on Climate Change and the special report referred to in paragraph xx with a view to making recommendations as appropriate to COP 7] [progress of the above-mentioned activities [and to make recommendations thereon] [with a view to making recommendations] to [COP 7] [COP 8] [COP/MOP x]];]

Section B

18. [*Decides* to establish a fund to provide financial resources and insurance to developing country Parties impacted by the implementation of response measures;]

19. *[Urges] [Requests]* [*Decides* that] Annex II Parties [to] [shall] assist developing countries, in particular those most vulnerable to the impact of the implementation of response measures, in meeting their capacity-building needs for the implementation of programmes which address these impacts;

20. *Urges* Parties to consider appropriate technological options in addressing the impact of response measures, consistent with national priorities, and indigenous resources;

21. *Encourages* Parties to cooperate in the technological development of non-energy uses of fossil fuels, and requests Annex II Parties to support developing country Parties to this end;

22. *Encourages* Parties to cooperate in the development, diffusion and transfer of less greenhouse gas emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels, that capture and store greenhouse gases, and requests Annex II Parties to facilitate the participation of the least developed countries and other non-Annex I Parties in this effort;

23. *Urges* Annex II Parties to provide financial and technological support for strengthening the capacity of developing country Parties identified in Article 4.8 and 4.9 of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities;

24.

Option 1:

[*Encourages* Annex II Parties to support developing country Parties in the development, production, distribution and transport of, and investment in, indigenous, less greenhouse gas emitting, environmentally sound *(footnote referring to Agenda 21: that "environmentally sound" also implies "environmentally safe")*, energy sources, in particular natural gas, according to the national circumstances of each of these Parties;]

Option 2:

[*Encourages* Annex II Parties to promote investment in, and cooperate with, developing country Parties in the development and use of indigenous, less greenhouse gas emitting, environmentally sound *(footnote referring to Agenda 21: that "environmentally sound" also implies "environmentally safe")*, energy sources, in particular natural gas, according to the national circumstances of each of these Parties;]

Option 3:

[*Encourages* Annex II Parties to promote investment in, and support, developing country Parties in the development, production, distribution and transport of indigenous, less greenhouse gas emitting, environmentally sound *(footnote referring to Agenda 21: that "environmentally sound" also implies "environmentally safe")*, energy sources, including natural gas, according to the national circumstances of each of these Parties;]

25. [*Decides* that Annex II Parties shall provide support for] [*Urges* Annex II Parties to promote cooperation and] research into, and the development and use of, renewable energy, including solar and wind energy, in developing country Parties;

26. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider, at their subsequent sessions, the response by Parties to the actions listed in paragraphs [xx] above;

III

FURTHER MULTILATERAL WORK RELATED TO ISSUES UNDER ARTICLE 4.8 AND 4.9 OF THE CONVENTION

27. [*Requests* [Annex II Parties to provide funding for] [the secretariat to organize] regional workshops in order to facilitate information exchange and integrated assessments, including for adaptation and technology transfer;]

28. *Requests* the secretariat to organize a workshop [*when?*] on the status of modelling activities to assess the adverse effects of climate change [, and the impact of response measures already implemented,] on individual developing country Parties, including on how to enhance the participation of developing country experts in such efforts;

29. [*Requests* the secretariat to organize a workshop [*when?*] on the needs and options of non-Annex I Parties for economic diversification, and on support programmes by Annex II Parties to address these needs;]

30. *Requests* the secretariat to organize a workshop [*when?*] on insurance-related actions to address the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and from the impact of the implementation of response measures;

31. [*Requests* the secretariat to organize a workshop [*when?*] on the special issues of concern to landlocked developing countries;]

32. [*Requests* the secretariat to organize a workshop, before [SB 14] [COP 7], on the possible synergies and joint action with the other multilateral environmental conventions and agreements such as the Convention to Combat Desertification, and to report the results of this workshop to the Conference of the Parties at its seventh session;]

33. *Requests* the secretariat to organize a workshop, before [SB 14] [COP 7], on insurance and risk assessment in the context of climate change and extreme weather events, and to report the results of this workshop to the Conference of the Parties at its seventh session;

34.

Option 1:

[*Invites* the Intergovernmental Panel on Climate Change, in cooperation with other relevant international organizations, to cooperate in developing methodologies to distinguish climate change related impacts from other impacts;]

Option 2:

[*Invites* the relevant international organizations to cooperate in promoting methodologies to distinguish the climate change related costs of actions from other costs of such actions, as a necessary tool for, *inter alia*, the integration of climate change into national sustainable development strategies;]

Option 3:

Delete altogether.

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xx. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session after entry into force of the Protocol, adopt the following decision.

[Draft decision -/[CMP].1]

[Matters relating to Article 3.14 of the Kyoto Protocol]

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Determined to protect the climate system for present and future generations,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling decision 8/CP.4 of the Conference of the Parties, particularly as it refers to decision 5/CP.4 of the Conference of the Parties,

[*Recalling also* decisions 5/CP.4 and 12/CP.5 of the Conference of the Parties,]

[*Recognizing* that decision -/CP.6 of the Conference of the Parties establishes [an appropriate process] [appropriate mechanisms for implementing actions,] for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,]

[*Insisting* that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,]

[*Reaffirming* that Parties should [strive to] protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,]

Recognizing that developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,

[*Noting* in particular the [request] [invitation] contained in decision -/CP.6 of the Conference of the Parties to the Intergovernmental Panel on Climate Change to prepare a special report on all aspects, including the methodological aspects, related to [the adverse] impacts of response measures on developing countries, particularly the least developed countries,]

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

[*Recognizing* the [key] role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties.]

[*Reaffirming* the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,]

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change [and the impact of the implementation of response measures],

Acknowledging the [need for] [role that can be played by] the progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors that run counter to the objective of the Convention and application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

1. [*Decides* to establish [a process] [mechanisms] that include[s] a programme of action to address matters related to Article 3.14 of the Kyoto Protocol, including information exchange and the development of methodologies related to the minimization of adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention, in all aspects, including methodologies related to the establishment of funding, insurance and transfer of technology;]

[*Decides* to [continue the] [establish a] process for the implementation of Article 3.14 of the Kyoto Protocol, including information exchange [and the development of methodologies relating to the minimization of] [relating to what actions are necessary to minimize the] adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention;]

Section A

2. *<The following options would replace paragraphs 4 to 8>*

Option 1:

[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information, [as part of the necessary supplementary information to their annual inventory report, in accordance with guidelines developed under Article 7.1 of the Kyoto Protocol, including the relevant information identified in the appendix to the guidelines for the preparation of information required under Article 7 of the Kyoto Protocol (FCCC/SBSTA/2000/CRP.17), to demonstrate compliance with their commitments under Article 3.14 of the Kyoto Protocol] on [their actions in] [how they are] striving, under Article 3.14 of the Kyoto Protocol, [to implement their commitments arising from the implementation of Article 3.1] [to implement their commitments mentioned in Article 3.1] of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly

those identified in Article 4.8 and 4.9 of the Convention; this information should be provided by the time of COP/MOP xx;]

Option 2:

[[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information on their action in striving, under Article 3.14 of the Kyoto Protocol, to implement their commitments mentioned in Article 3.1 of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention; this information should be provided by the time of COP/MOP xx;

Requests the secretariat to compile and synthesize the information requested in paragraph xx above in a report;

Decides to consider at its second session the compilation and synthesis report referred to in paragraph xx above and take appropriate action;]

Option 3:

[[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information, as part of the necessary supplementary information to their annual inventory report, in accordance with the guidelines under Article 7.1 of the Kyoto Protocol, on their actions in striving, under Article 3.14 of the Kyoto Protocol, to implement their commitments mentioned in Article 3.1 of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention;]

3.

Option 1:

[[*Invites* non-Annex I Parties to] [*Decides* that non-Annex I Parties shall] provide information in their national communications [in accordance with Article 4.1 of the Convention and taking into account Article 4.3 and 4.7 of the Convention] and [any] other reports, on their specific needs and concerns related to the minimization of adverse social, environmental and economic impacts [arising from the implementation of response measures taken by Annex I Parties] on developing country Parties under Article 3.14 of the Kyoto Protocol;]

Option 2:

[*Decides* that Annex II Parties shall provide assistance to non-Annex I Parties to enable them to provide information on their specific needs and concerns related to the adverse social, environmental and economic impacts [that may arise] [that have occurred] from the implementation of commitments under Article 3.1 of the Kyoto Protocol;]

Option 3:

[*Invites* non-Annex I Parties to provide information on their specific needs and concerns related to the adverse social, environmental and economic impacts arising from the

implementation of commitments under Article 3.1 of the Kyoto Protocol, and encourages Annex I Parties to provide support for that purpose;]

4. [[*Invites* non-Annex I Parties to] [*Decides* that non-Annex I Parties shall] provide information on actions they have taken, and plan to take, to address their concerns under Article 3.14 of the Kyoto Protocol;]

5. [[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information [, by [*date*], to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, through the secretariat,] on their [intended] policies and measures, their impacts, and suggested ways to minimize these impacts;]

6. [*Decides* that Annex I Parties shall provide information, including the relevant information identified in the appendix to the guidelines for the preparation of information required under Article 7 of the Kyoto Protocol (FCCC/SBSTA/2000/CRP.17) [, by the time of COP/MOP 2], to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, in accordance with guidelines developed under Article 7 of the Kyoto Protocol through the secretariat,] on their [intended] policies and measures, their impacts, and measures taken to minimize these impacts;]

7. [[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information [, by [*date*], to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, through the secretariat,] on, *inter alia*, their progress in the reduction and phasing out of existing market imperfections, fiscal incentives, tax and duty incentives and subsidies in their energy sector, and on their plans to reduce or phase out such distortions];]

[*Decides* that Annex I Parties shall provide information in their annual inventory report in accordance with guidelines developed under Article 7.1 of the Kyoto Protocol by [COP/MOP 2], to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol through the secretariat, on, *inter alia*, progress on their reduction and phasing out of existing market imperfections, fiscal incentives, tax and duty incentives and subsidies in their energy sector, and on their plans to reduce or phase out such distortions;]

8. [*Affirms* that the consideration of actions under Article 3.14 to address the impact of response measures must be conditioned upon the actions taken by both developed and developing country Parties pursuant to Article 4.8 and 4.9 of the Convention;]

[*Aware* that the consideration of actions under Article 3.14 to address the impact of the implementation of response measures must meet the specific needs and concerns of developing country Parties;]

9. [*Decides* to develop guidelines to help determine if Annex I Parties are striving to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4.8 and 4.9 of the Convention;]

[*Decides* to develop, by the time of COP/MOP 2, mandatory criteria to determine if Annex I Parties are in compliance with their commitments to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social,

environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4.8 and 4.9 of the Convention;]

10. *Invites* the Intergovernmental Panel on Climate Change, in cooperation with other relevant organizations, to prepare a technical paper on geological carbon storage technologies, covering current information, and report on it for its consideration at its xx session;

Section B

11.

Option 1 (Proposal by the Group of 77 and China, as amended by Saudi Arabia):

[*Decides*, by the time of COP/MOP 2, that Annex I Parties shall start to implement the actions listed below, and shall report, in their annual inventory report, on actions related to subparagraphs (a) to (c) below, and in their national communications on actions related to subparagraphs (d) and (e) below, in accordance with guidelines developed under Article 7:

(a) Restructuring their tax systems to reflect the greenhouse gas content in all greenhouse gas emitting sectors, and removing subsidies;

(b) Discouraging the production of fossil fuels in Annex I Parties, and concentrating on domestic actions that will not negatively impact their fossil fuel imports from developing country Parties;

(c) Discouraging the use of environmentally unsafe and unsound technologies, in particular nuclear energy, by reflecting their huge externalities, and ensuring that existing nuclear energy plants are constantly monitored to guarantee optimal safety;

(d) Removing the existing barriers (political and regulatory) to the use and import of oil, particularly in relation to the electricity sector;

(e) Encouraging wider use of carbon dioxide emission reduction, and carbon capture and storage technologies;]

Option 2 (Proposal by Canada, France on behalf of the European Community and its member States, Japan, Poland, Switzerland and the United States):

[*Invites* Annex II Parties, and any other Annex I Parties in a position to do so, to consider the actions listed in subparagraphs (a) to (e) below:

(a) Assisting developing countries, in particular those most vulnerable to the impact of the implementation of response measures, in meeting their capacity-building needs for the implementation of programmes which address these impacts;

(b) Considering appropriate technological options in addressing the impact of response measures, consistent with national priorities and indigenous resources;

(c) Cooperating in the technological development of non-energy uses of fossil fuels, and supporting developing country Parties to this end;

(d) Cooperating in the development, diffusion and transfer of less greenhouse gas emitting advanced fossil-fuel technologies, and/or technologies, relating to fossil fuels, that capture and store greenhouse gases, facilitating the participation of the least developed countries and other non-Annex I Parties in this effort;

(e) Strengthening the capacity of developing country Parties identified in Article 4.8 and 4.9 of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities;]

Option 3 (Proposal by Australia):

[[*Decides* that Annex I Parties shall] [*Invites* Annex I Parties to] [start to implement] [consider] the actions listed below:

(a) Removing subsidies on all greenhouse gas emitting [sources] [industries] and undertaking energy price reform to reflect market prices and externalities, including greenhouse gas content;

(b) Encouraging a wider use of carbon dioxide emission reduction, and carbon capture and storage technologies;]

12.

Option 1 (Group of 77 and China proposal as amended by Saudi Arabia):

[*Decides* that Annex II Parties shall start to implement the actions listed in subparagraphs (a) and (b) below, and shall report back in their [national communications] [annual inventory in accordance with guidelines developed under Article 7.1] on their minimization efforts, by the time of COP/MOP 2:

(a) Assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;

(b) Providing prompt, adequate and just compensation to developing country Parties adversely impacted by the implementation of response measures by Annex I Parties;]

Option 2 (Proposal by Canada, Japan and the United States):

[*Invites* Annex II Parties, and Annex I Parties in a position to do so, to assist developing countries which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;]

13. *Encourages* Annex I Parties to adopt policies and measures that will result in reductions in emissions of greenhouse gases, as an effective contribution to minimizing the adverse effects of climate change, and to provide information on these policies and measures in their national communications;

14.

Option 1:

[*Decides*, on the basis of the output of the workshops referred to in this decision, and in accordance with Article 3.14 of the Kyoto Protocol, the relevant provisions of the Convention, and the general principles of international law, to consider issues related to compensation, funding, insurance and technology transfer, for proven adverse impacts of response measures on developing country Parties;]

or

[*Decides*, on the basis of the output of the workshops referred to in this decision, and in accordance with Article 3.14 of the Kyoto Protocol, and the relevant provisions of the Convention, to take actions related to compensation, funding, insurance and technology transfer, for proven adverse impacts of response measures on developing country Parties;]

Option 2 (Proposal by Australia, Canada, Poland and the United States):

[*Decides* to review the actions taken by all Parties pursuant to Article 4.8 and 4.9 of the Convention and decision x/CP.6, and the information provided by the Intergovernmental Panel on Climate Change on these issues in its Third Assessment Report, and, pursuant to Article 3.14 of the Kyoto Protocol, consider further what actions are necessary to minimize the proven adverse effects of climate change and/or the impacts of response measures on developing country Parties;]

Option 3 (Co-chair):

[*Decides* to review the actions taken by Annex I Parties, in accordance with this decision, and consider at its xx session what further actions are necessary, including the establishment of funding, insurance and transfer of technology, pursuant to Article 3.14;]

15. [*Invites* oil producing and exporting Parties not included in Annex I to the Convention to consider setting up investment funds to promote economic diversification, and to undertake joint action aimed at minimizing any potential impacts of response measures on their economies, and to report progress made to the subsidiary bodies at their subsequent sessions;]

Section C

16. [Requests the secretariat to organize a workshop [*when?*] on methodological issues related to the [possible] [net] adverse impacts of response measures on developing country Parties under Article 3.14 of the Kyoto Protocol;]

17. [*Requests* the secretariat to organize a workshop [*when?*] on the choice of policies and measures that Annex I Parties intend to adopt to meet their commitments under the Kyoto Protocol, on how these may adversely impact developing countries under Article 3.14, and on ways to minimize these impacts;]

18. [*Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, at their [xx] sessions, to [consider] [forward] the output of the workshops referred to in this decision, and to make recommendations thereon to [the COP/MOP] at its [xx] session.]]

Draft text submitted by the Least Developed Countries

Additions to Preamble

Recognizing that the least developed country (LDC) Parties are among the most vulnerable to the adverse effects of climate change, particularly that widespread poverty limits their adaptive capacity,

Acknowledging that the human, infrastructural and economic conditions of the LDC severely limit their capacities to participate effectively in the climate change process,

Noting that many of the LDC Parties do not have the capacity to prepare and submit national communications in the foreseeable future,

Operative Paragraphs within a new Part III[3]

Implementation of Article 4.9 of the Convention

1. Decides to:

(a) [Establish a least developed countries climate change institutional development fund, to be managed by the secretariat, to assist least developed country Parties overcome basic institutional limitations which impede their effective participation in the climate change process, including through the following]:

(i) Strengthening existing and where needed establishing national climate change secretariats/focal points to enable the effective implementation of the Convention and the Kyoto Protocol, including preparation of national communications, in least developed country Parties;

(ii) Strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support implementation of national adaptation programmes of action.

(iii) Providing training, on an ongoing basis, in negotiating skills and language, where needed, to develop the capacity of negotiators from the least developed countries to participate effectively in the climate change process;

(b) Provide support for the development, by the least developed countries, of national adaptation programmes of action (NAPAs), which will serve as a simplified and direct channel of communication of information relating to the vulnerabilities

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[3] to follow II of the negotiating text on 4.8/4.9 and 3.14: Impact of the implementation of response measures.

and adaptation needs of the least developed countries [; the information contained in NAPA [may] [will] form the initial steps in the preparation of initial national communications];

(c) [Establish a long-term LDC climate change adaptation fund, based on the adaptation needs communicated to the COP, through their NAPA and/or their national communications, to implement the NAPA. The discussions on the modalities for the establishment of this fund shall be initiated at the seventh session of the Conference of the Parties;]

(d) [Establish a group of experts, to assist LDCs in formulating simple guidelines for preparation of NAPA and provision of technical advice, in accordance with the annex to this decision;]

[Expand the consultative group of experts on NAI communications to include experts from the LDCs with the objective of formulating simple guidelines, and report the result of their work at a subsequent SBSTA session;]

(e) [Provide technical advice, on an ongoing basis, through the expanded group of experts, to the developing countries concerned;]

2. *Invites* least developed country Parties to provide information on their specific needs, related to subparagraphs 1(a) to 1(c) above, to the secretariat before SB 14 [for consideration by SB 14];

3. *Requests* the secretariat to:

(a) **Compile this information in a report [, which should also provide a preliminary [estimate] [assessment] of the amount of funding needed to implement the above-mentioned activities, for consideration by the subsidiary bodies at their fourteenth sessions];**

(b) Co-ordinate and facilitate the activities of the least developed countries group of experts in accordance with the terms of reference included in the annex to this decision;

(c) Organize a workshop before 1 October 2001, to enable least developed country Parties to:

- Engage in a dialogue, [with the least developed countries expert group,] on progress related to the development of guidelines for the preparation of the national adaptation programmes of action;

- Exchange experience on local practices to assess and address vulnerability to climate change;

- Discuss future multilateral activities that would further promote the exchange of views among the least developed countries, both on a regional and thematic basis;

<Move 3 c) to Further Multilateral Work>

4. *Invites* Annex II Parties to support LDC Parties to promote:

a) Public awareness programmes to ensure the dissemination of information on climate change issues;

b) Development and transfer of technology, particularly adaptation technology, as per Decision n/CP.6;

5. *Decides* to assess, at its seventh session, the status of implementation of Article 4.9 of the Convention and to consider further action thereon.

[Annex

**Terms of Reference of the
Least Developed Countries Group of Experts**

1. The objective of the least developed countries group of experts is to recommend guidelines to the subsidiary bodies for the preparation of national adaptation programmes of action (NAPAs), which should serve as a simplified avenue for the least developed countries, in the absence of national communications, to communicate their vulnerabilities and their adaptation needs arising from the adverse effects of climate change. The group will also be responsible for providing advice, through regional workshops, to least developed country Parties during the process of preparation of their national adaptation programmes of action.

2. The group shall be composed of nationals of countries that are least developed, drawn from the roster of experts.

3. Taking into account equitable geographical distribution reflecting the composition of the group of least developed countries, the group shall be composed of *x* experts from small -island developing States, *y* experts from Africa, and *z* experts from Asia. *(note: there are 44 LDCs that are Parties to the UNFCCC, 10 of which are SIDS, 27 of which are African non-SIDS, and 7 of which are Asian non-SIDS).*

4. The group shall meet once during each intersessional period.

5. The group shall be mandated as follows:

(a) To develop simple guidelines for the preparation of national adaptation programmes of action by the least developed countries, which should serve as a simplified channel for the provision of information relating to the vulnerabilities and the adaptation needs of the least developed countries arising from the adverse effects of climate change, taking into consideration the financial and technical needs identified in table x below;

(b) To provide recommendations thereon to the subsidiary bodies at their fourteenth and fifteenth sessions;

(c) To continue to serve, in an advisory capacity to the least developed countries, during the actual preparation of the national adaptation programmes of action, through regional workshops in which technical advice would be given to those least developed countries experiencing difficulty in completing their national adaptation programmes of action.

6. The secretariat shall co-ordinate the above-mentioned activities and facilitate the preparation of the relevant reports by the group, which will be made available to the Parties at subsequent sessions of the subsidiary bodies.]

Table x: Title……..

	Areas identified for funding	Technology needs
Water resources	• Water management and harvesting • Water resource allocation • Water storage management • Water catchment management • Waste management	• Provide technologies and technical assistance for better distribution of water and better water storage • Provide energy efficient desalination and water purification technologies • Develop systems of information exchange on appropriate systems for human and domestic animal waste management • Provide appropriate technical assistance and technology to monitor water quality
Food security	• Agricultural systems (including livestock and fisheries management) that are better adapted to climate change • Effective food storage and processing	• Develop technologies and technical assistance for improving sustainability of agriculture systems and maintaining productivity in adverse climatic situations • Develop technologies and technical assistance to improve food storage and processing
Human health	• Medical expertise to manage climate related health effects, e.g. spread of insect-borne diseases, diseases associated with water contamination. • Public awareness programmes	• Provide basic medical technologies and technical assistance for managing climate related health effects • Provide technical support for public awareness programmes
Energy management	• Management of renewable energy and energy efficiency systems • Appropriate hydropower production • Enhancing the efficient use of fuelwood energy	• Provide viable and affordable renewable energy and energy efficiency systems • Provide appropriate hydropower systems • Improve indigenous renewable energy technologies • Provide technologies and technical assistance in efficient fuelwood usage for energy
Climate change prediction, severe weather forecasting and risk management	• Climate change prediction • Severe weather forecasting • Monitoring risks • Communicating weather forecasting and risks • Data analysis	• Provide technology in climate change prediction • Provide improved meteorological equipment • Provide early-warning communications equipment • Develop regional centres on risk management • Develop communication systems on climate prediction and risk management • Provide technology for better data analysis
Impacts on coastal zones and low-lying islands	• Managing the coastal zone • Monitoring health of coral reefs • Management and protection of coral reef ecosystems • Managing sand dune erosion	• Develop appropriate coastal management systems • Provide technologies and technical assistance to monitor health of coral reefs • Provide technology for the management and protection of coral reef ecosystems

	Areas identified for funding	Technology needs
Impacts on fragile mountain ecosystems	• Flood Control • Irrigation water management • Developing appropriate hydropower production • Fragile mountain ecosystem management	• Provide technologies and technical assistance in disaster management • Provide technologies and technical assistance in flood control • Provide technologies and technical assistance in irrigation water management
Impacts on arid and semi-arid ecosystems	• Fire management • Arid vegetation management and desertification control	• Build fire control systems • Provide technologies and technical assistance in arid vegetation management and desertification control
Impacts on wetland ecosystems	• Wetland management	• Provide technologies and technical assistance in wetland management
Forest management and utilization	• Sustainable forest management	• Provide technologies and technical assistance in sustainable forest management
Infrastructure to respond to severe weather events	• Developing transport and communications infrastructure capable of coping with adverse climatic conditions or severe weather events	• Provide appropriate transport and communications infrastructure that is capable of coping with adverse climatic conditions or severe weather events
Legal and institutional frameworks	• Developing national legislation for climate change • Negotiating skills for participating in climate change negotiations • Participation in climate change processes, including the IPCC • Developing national environmental policy frameworks	• Provide technical assistance to develop national legislation associated with climate change • Provide technical assistance in the development of national environmental policy frameworks
Public Education and Awareness	• Strengthening public education and awareness of climate change related issues	• Provide technology and technical assistance to help in providing public education and awareness on climate change related issues

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